**IN THE UNITED STATES DISTRICT COURT**
**FOR THE NORTHERN DISTRICT OF TEXAS**
**DALLAS DIVISION**

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| **Cigna Healthcare of Texas, Inc., Cigna Health and Life Insurance Company, and Connecticut General Life Insurance Company,** | § | |
| **Plaintiffs,** | § | **CIVIL ACTION NO. _____** |
| **vs.** | § | **Jury Demand** |
| **VCare Health Services, PLLC, Waxahachie Medical, PLLC, Texas Care Clinics, PLLC, Trivikram Reddy, Mary Boggan, and John Does 1-3,** | § | |
| **Defendants.** | § | |

**PLAINTIFFS' ORIGINAL COMPLAINT**

COME NOW Plaintiffs Cigna Healthcare of Texas, Inc., Cigna Health and Life Insurance Company, and Connecticut General Life Insurance Company (collectively, "Cigna"), and file this Original Complaint against Defendants VCare Health Services, PLLC, Waxahachie Medical, PLLC, Texas Care Clinics, PLLC, Trivikram Reddy, Mary Boggan, and John Does 1-3 (collectively, the "Defendants") who are jointly and severally liable to Cigna for any and all fraudulently submitted healthcare claims for services which were not rendered and/or were rendered under false pretenses. Plaintiffs would show as follows:

## I.
## NATURE OF ACTION

1. The Defendants conspired in a scheme to unlawfully deprive Cigna of no less than $1,934,502.15 in wrongfully paid healthcare claims for services which were not rendered, and/or were rendered under false pretenses. The Defendants intentionally engaged in a series of material misrepresentations about who (and what provider) rendered services, if at all, to Cigna's members, in order to fraudulently obtain payments from Cigna. Further, the Defendants falsified medical records

to perpetuate this fraud and hid behind different shell corporate entities in order to evade detection and ultimate responsibility for their fraudulent acts in violation of state and federal law.

2. Plaintiffs are insurers and administrators that provide insurance coverage plans and administer employee health and welfare benefit plans. These plans are funded by employers including private companies, nonprofits, and school districts; with Cigna providing administrative services, including claims administration, in a fiduciary capacity. Cigna pays healthcare expenses for medically necessary services that were properly and fully rendered in accordance with Cigna's coverage guidelines.

3. VCare Health Services, Texas Care Clinics, and Waxahachie Medical (the "Reddy Entities") are separate healthcare providers (meaning each has its own unique Tax Identification Number) but are all located at 401 N. Highway 77, Suite #1, Waxahachie, Texas. They purport to render services for weight-loss and for pain management. On information and belief, the Reddy Entities, however, are shell corporations jointly controlled by Trivikram Reddy and managed by Mary Boggan. The Defendants have used the Reddy Entities interchangeably as part of a continuing sham to perpetrate healthcare fraud.

4. On information and belief, John Does 1-3 (the "Managing Physicians") each knowingly and/or negligently misrepresented to Cigna, and to Cigna's members, that he was the supervising physician at one of the Reddy Entities, and/or, adequately verifying patient medical records to check for accuracy and appropriateness.

5. The Defendants submitted fraudulent healthcare claims to Cigna for services that were never rendered, and/or were not performed or reviewed by a Managing Physician; altered medical diagnosis codes and information so that the claims would be reimbursed at higher rates; and falsified medical records. The Defendants' actions violate state and federal law, including, but not limited to,

Sections 1035, 1341, and 1347 of Title 18 of the United States Code and under Section 35.02 of the Texas Penal Code 1027.

6. Further, in violation of Section 165.1 of Chapter 22 of the Texas Administrative Code, the Defendants have failed to produce or maintain medical records to support the services billed or to prove the legitimacy of the Defendants' healthcare claims.

7. Defendants have knowingly lied to Cigna, and Cigna's members, about what services were rendered, and by whom, and have actively engaged in a series of deceptive actions (including, but not limited to, lying to investigators, and falsifying medical records) in order to obfuscate their actions and perpetuate their scheme to commit healthcare fraud.

8. In addition, the Defendants routinely engage in the practice of fee forgiveness—not obligating patients to pay their portion of any copayment, deductible, or coinsurance. Fee forgiveness is expressly prohibited by the Texas Insurance Code, and violates the agreements between Cigna and its members, pursuant to which the Defendants were paid. Moreover, by failing to charge patients for medical services that were never provided, the Defendants ensured that members would not notify Cigna, allowing the Defendants to conceal and perpetuate their healthcare fraud scheme.

9. Accordingly, and in light of the above, Cigna brings this action against the Defendants for the recovery of all overpayments wrongfully made to the Defendants and for other damages described below.

## II.
## PARTIES

10. Plaintiff Cigna Healthcare of Texas, Inc. is a corporation organized under the laws of the State of Texas, with its principal place of business located at 2700 Post Oak, Suite 700, Houston, TX 77056.

11. Plaintiff Cigna Health and Life Insurance Company is a corporation organized under the laws of the State of Connecticut, with its principal place of business located at 900 Cottage Grove Rd., Bloomfield, CT 06002.

12. Plaintiff Connecticut General Life Insurance Company is a corporation organized under the laws of the State of Connecticut, with its principal place of business located at 900 Cottage Grove Rd., Bloomfield, CT 06002.

13. Defendant VCare Health Services, PLLC ("VCare Health Services"), was a Texas limited liability company with its principal place of business at 401 N. Highway 77, Suite 1, Waxahachie, Texas 75165. VCare Health Services voluntarily dissolved on April 3, 2019, but under Texas law continues in existence for three years following its termination for the purpose of defending in its name any actions brought against it. *See* Tex. Bus. Orgs. Code §11.356(a). VCare Health Services may be served with process through its Member James Galbraith, at 101 Fairway Parks Dr., Corsicana, Texas 75110. *See* Tex. Bus. Orgs. Code §5.255.

14. Defendant Waxahachie Medical, PLLC ("Waxahachie Medical"), was a Texas limited liability company with its principal place of business at 401 N. Highway 77, Suite 1, Waxahachie, Texas 75165. Waxahachie Medical voluntarily dissolved on June 8, 2019, but under Texas law continues in existence for three years following its termination for the purpose of defending in its name any actions brought against it. *See* Tex. Bus. Orgs. Code §11.356(a). Waxahachie Medical may be served with process through its Manager, Michael Anderson at 4855 McLeod Dr., Las Vegas, Nevada 89121. *See* Tex. Bus. Orgs. Code §5.255.

15. Defendant Texas Care Clinics, PLLC ("Texas Care Clinics"), was a Texas limited liability company with its principal place of business at 401 N. Highway 77, Suite 1, Waxahachie, Texas 75165. Texas Care Clinics voluntarily dissolved on April 8, 2019, but under Texas law continues in existence for three years following its termination for the purpose of defending in its name any actions

brought against it. *See* Tex. Bus. Orgs. Code §11.356(a). Texas Care Clinics may be served with process through its Manager, Andrea Rodriguez at 4216 SE Palmetto St., Stuart, Florida 34997. *See* Tex. Bus. Orgs. Code §5.255.

16. Defendant Trivikram Reddy ("Vik Reddy") is an individual who, on information and belief, operated, controlled, and/or owned, in whole or in part, VCare Health Services, Waxahachie Medical, and Texas Care Clinics. Vik Reddy is currently in the custody of the United States at Federal Correctional Institution Seagoville. Vik Reddy may be served with process at FCI Seagoville, 2113 N. Highway 175 Seagoville, Texas 75159.

17. Defendant Mary Boggan is an individual who, on information and belief, was employed as the office manager for VCare Health Services, Waxahachie Medical, and Texas Care Clinics, and who may be served at 717 Phillips Dr., Ennis, Texas 75119.

18. Defendants John Doe 1-3 are individuals whose identities and involvement in this matter are still under investigation by Cigna.

## III.
## JURISDICTION AND VENUE

19. This Court has personal jurisdiction over VCare Health Services, Waxahachie Medical, and Texas Care Clinics, because each is a Texas business entity which conducts or conducted business in the State of Texas. This Court has personal jurisdiction over Trivikram Reddy, and Mary Boggan because each individual is a resident of the State of Texas.

20. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1331, because this dispute arose under the laws of the United States. Specifically, Cigna asserts claims that arise under the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 *et. seq.*

21. Cigna seeks to recover overpayments made in connection with employee health and welfare benefits plans that fall within the scope of ERISA and do not fall within any safe-harbor

provision. The majority of the plans under which Cigna maintains its claims in this action are self-funded or fully insured group benefit plans that identify the benefits available, the sources of financing, the procedures for obtaining benefits, and the beneficiaries' rights under the plans as governed by ERISA.

22. Cigna's plans are employee welfare benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. 1001 et seq. ("ERISA"). 29 U.S.C. § 1002(1), § 1002(3), § 1102(a)(1). Cigna's members are the plan participants and beneficiaries. The employers of Cigna's members are the plan sponsors. Cigna is the plan administrator for some of the plans in connection with this dispute and is the designated fiduciary for all plans at issue. The plans do not fall within any ERISA safe-harbor provisions. Because CIGNA administers plans subject to ERISA in accordance with written agreements with the plan sponsors, and Cigna has been delegated the discretion or authority to adjudicate claims for benefits under those plans.

23. Venue is proper in the Northern District of Texas under 29 U.S.C. § 1132(e)(2) and 28 U.S.C. § 1391(b)(1)-(2), because the Defendants may be found in this judicial district, and a substantial part of the events giving rise to the claims in this action occurred in the Northern District of Texas. Additionally, many of the patients identified in the healthcare claims submitted to Cigna for reimbursement by the Defendants reside in this District. Further, upon information and belief, the medical services allegedly provided to Cigna's members for which those Defendants filed claims were performed in this District, and all of the Defendants reside in or conduct business in this District.

## IV.
## FACTUAL BACKGROUND

### A. Cigna is a Global Health Services Company that Administers Benefits of Health Plans for Employers.

24. Cigna is a managed care company dedicated to helping people improve their health and well-being, by offering a broad, integrated suite of health services and products to its members.

Among other things, Cigna administers employee health and welfare benefit plans and insures such plans in some cases. Cigna's plans allow members to obtain healthcare services from participating medical care providers and, in some cases, include coverage for certain services provided by out-of-network medical providers.

25. In-network providers are providers with whom Cigna has entered into an agreement pursuant to which Cigna has agreed to reimburse providers at specified rates for services provided to Cigna plan members. In turn, the providers agree to provide services to Cigna plan members at the agreed-upon rates and access to Cigna's network for referrals.

26. Further, Cigna plans generally require members to pay less in "cost-share" obligations (*e.g.*, copayments, deductibles, and coinsurance) when utilizing in-network providers than when utilizing out-of-network providers. This allows Cigna plan members to obtain medical services from in-network providers with minimal financial risk or out-of-pocket expense, as compared with out-of-network providers.

27. In contrast, out-of-network providers, like Defendants, have not entered into a provider agreement with Cigna. Cigna has not agreed to pay providers, like Defendants, any predetermined amounts for the services provided to Cigna plan members. Instead, out-of-network providers charge and bill Cigna and the Cigna plan members at rates that the providers set independently.

28. With few exceptions, the amounts that out-of-network providers charge for their services are higher than the contractual rates agreed to between Cigna and in-network providers. Out-of-network providers must then bill Cigna plan members for the balance of the charges not covered by Cigna plans, a practice referred to as "balance billing" plan members. As a result, a plan member's financial risk and out-of-pocket expense for obtaining medical services from out-of-network providers is generally greater than the expense for comparable in-network care.

29. Nothing prohibits Cigna plan members from seeking care from out-of-network providers. However, to sensitize plan members to the increased cost of care associated with out-of-network providers, Cigna plan members are required to pay a higher percentage of the charges that out-of-network providers bill for their services.

30. To that end, Cigna's plans generally require members to pay a higher cost-share obligation, such as co-payments, co-insurance, and deductibles, for services provided by out-of-network providers. The plans also provide that the maximum reimbursable amount that the plans will pay for charges submitted for payment to Cigna for the services billed will be based on either a percentage of the usual and customary amount charged for such services by out-of-network providers in the relevant geographic area, or a multiple of the applicable Medicare rate for such services. The plans further provide that the plan members will be responsible for the difference between the amount paid by Cigna and the amount billed by the out-of-network provider. A provider's billed charges are an important and material component of the maximum reimbursable amount analysis and determination.

**B. The Reddy Entities Are Shell Entities Created to Perpetrate Fraud.**

31. The Reddy Entities are out-of-network medical clinics that are controlled, in whole or part, by Trivikram ("Vik") Reddy, an Advanced Practice Registered Nurse, and are managed by Mary Boggan. All have operated from the same address: 401 N. Highway 77, Suite #1, Waxahachie, Texas.

32. These separate entities have been created and operated by the Defendants as a sham to perpetrate fraud as the Reddy Entities are essentially the same business entity operated in the following succession: first as VCare Health Services (TIN: 462839710 and 864839710), then as Texas Care Clinics (TIN: 472469202), and, most recently, as Waxahachie Medical (TIN: 813130613).

33. The Managing Physicians have conspired with the Reddy Entities, Vik Reddy, and Mary Boggan at different points: John Doe 1 was the supervising physician for VCare Health Services;

John Doe 2 was the supervising physician for Texas Care Clinic; and, John Doe 3 was the supervising physician for Waxahachie Medical. However, none of the Managing Physicians saw or treated patients at the Reddy Entities—despite representations to Cigna and Cigna's members to the contrary. Further, none of the Managing Physicians meaningfully reviewed, if at all, the medical records upon which their signature appears in support of the healthcare claims submitted to Cigna. Only Vik Reddy or other, non-physician staff treated patients at the clinic—despite the contradictory representations made to Cigna and Cigna's members.

### C. The Defendants Billed Cigna for Healthcare Services Which Were Never Rendered to Patients and Engaged in the Practice of Fee Forgiveness.

34. In August of 2017, Cigna's Special Investigation Unit ("SIU") began an independent investigation of the Defendants. As a result of this investigation, Cigna uncovered numerous fraudulent billing practices including but not limited to the following:

a) Members received services for *weight loss* management, even though services for *pain management* were billed to Cigna.

b) Members were informed that services were performed and/or reviewed by one of the Managing Physicians, which was not in fact the case.

c) Records in support of services were falsified and were not maintained in the regular course of business.

d) Treatments for pain management, including electromyography ("EMG"), Nerve Conduction Studies ("NCS"), injections, and ultrasound guidance were billed to Cigna but were not performed.

35. Former employees of the Reddy Entities have admitted that the Reddy Entities do not maintain medical records—they only maintain sign-in sheets, and even those, are routinely altered. Meanwhile, the medical records the Reddy Entities do maintain are fabricated by Mary Boggan, the office manager for the Reddy Entities, and other office staff, whenever outside entities request records.

36. During an onsite visit, Mary Boggan provided false information to the Cigna representatives who visited the Waxahachie Medical office (the most recent name of the Reddy

Entities). Cigna representatives asked to see medical equipment used to treat patients during their onsite visit. However, Ms. Boggan refused to allow Cigna representatives to see medical equipment relative to nerve conduction testing, needle EMG, or ultrasounds—yet, have submitted numerous claims for services purporting to use these very items.

37. Moreover, Ms. Boggan refused to provide Cigna any records or patient sign-in sheets, or copies of the records or sign-in sheets—the Defendants have a duty to create and maintain medical records under Texas state law, which they failed to do. The Defendants have failed to comply with their legal obligations to maintain medical records.

38. In fact, there are no records to substantiate that EMG, NCS, injections, or ultrasound guidance were performed. The records that do exist appear to be fabricated and simply created on Microsoft Word, rather than on an actual electronic medical record system.

39. Finally, the Defendants engaged in a regular and routine practice of fee forgiveness so that members were not charged for their requisite deductibles, copayments, balance amounts or coinsurance were not balance billed for any portion of billed charges the Cigna plan does not reimburse. Instead, the members were required to pay small lump sum amounts, or small, set amounts per visit that did not correlate with their actual patient cost share.

40. The practice of fee forgiveness destroys incentives to seek in-network providers and, ultimately, drives up medical costs for plans (which the plans must then pass on to members in the form of higher premiums and/or reduced benefits). Numerous courts have held fee forgiveness to be an illegal practice.

41. Fee forgiveness violates Texas law and adversely affects insurance coverage for Cigna's members. Under the Texas Insurance Code, "[a] physician or other health care provider may not waive a deductible or copayment by the acceptance of an assignment." TEX. INS. CODE § 1204.055.

42. Waiver of any portion of a member's copayment, deductible, or coinsurance obligation also violates the terms of the Cigna member benefit plan agreements, and renders charges not covered. In particular, Cigna health benefits plans specifically exclude from coverage "charges which you [the Cigna customer] are not obligated to pay or for which you [the Cigna customer] are not billed or for which you [the Cigna customer] would not have been billed except that they were covered under this plan." In short, fee forgiveness by the Defendants has nullified coverage for claims for healthcare coverage by Cigna's members.

43. Because Cigna plans include language that excludes coverage when a healthcare provider does not obligate members to pay their required portion of the full amount of charges submitted to Cigna, an out-of-network provider, like the Defendants, that does not obligate members to pay their cost share is not entitled to reimbursement by Cigna.

44. By failing to obligate Cigna's members to pay their cost share, the Defendants were not entitled to reimbursement payments by Cigna. Nevertheless, the Defendants submitted claims to Cigna for reimbursement that fraudulently misrepresented the amount the Defendants intended or expected to collect from their patients.

45. The Defendants submitted excessively high charges to Cigna on their claims for reimbursement, even though the Defendants had no intention of ever charging their patients or the Cigna members for their share of the cost or through balance billing. In that way, the Defendants engaged in a dual-pricing scheme—fraudulently billing Cigna for excessive charges for services that did not reflect the amount the Defendants actually charged their patients or the Cigna members, or that the Defendants actually incurred for services rendered.

46. Moreover, in this case, fee forgiveness was used to further conceal the Defendants' fraudulent billing practices. Fee forgiveness leads to increased utilization of the Defendants' services which, in turn, permits the Defendants' to bill Cigna for more claims. If the Defendants did not utilize

fee forgiveness and charged Cigna's members their cost share for services not rendered, the members would likely notify Cigna they were billed for medical services they did not receive, and the Defendants' fraud scheme would have been discovered.

47. It is clear that the Defendants have engaged in an elaborate healthcare fraud scheme which has caused damage to Cigna and to its members, and the Defendants have repeatedly made false statements and misrepresentations to Cigna to perpetuate their fraud.

## V.
## CAUSES OF ACTION

48. The preceding paragraphs are incorporated by reference as if set forth fully herein and seeks recovery against Defendants as follows:

**(Count 1 - Trivikram Reddy Is the Alter Ego of Defendants VCare Health Services, Waxahachie Medical, Texas Care Clinics)**

49. Trivikram Reddy is the alter ego for the Reddy Entities and must be held jointly liable for the acts and omissions of the Reddy Entities.

50. There is such unity between Trivikram Reddy and the Reddy Entities that the each of the Reddy Entities has ceased, and holding only the Reddy Entities liable would result in gross injustice. Conversely, holding only Trivikram Reddy liable without the Reddy Entities would also result in gross injustice.

51. The Reddy Entities have been established as shell entities and operate interchangeably to perpetrate a fraud against Cigna and Cigna's members to intentionally mislead members about what services were provided, when, and by whom (including by a physician and entity).

**(Count 2 - Claim for Overpayments under ERISA)**

52. The majority of employee health and welfare benefit plans that are insured or administered by Cigna are non-governmental, employer-sponsored healthcare plans that exist, are established, and maintained by employers for the benefit of their respective employees.

53. Cigna's plans authorize Cigna to recover overpayments made by Cigna on behalf of the plans. Thus, plan members and providers, like the Reddy Entities, to whom the members assign reimbursement claims, are on notice that any overpayment Cigna makes is subject to an equitable lien by agreement and rightfully belongs to Cigna.

54. Section 502(a)(3) of ERISA entitles Cigna to execute its equitable lien by recovering the overpayments made to the Defendants.

55. The Defendants were not entitled to seek, collect, or retain the payments received from Cigna. Specifically, the plans at issue do not cover charges that providers, like the Reddy Entities, do not require plan members to pay. The Reddy Entities did not require members to pay the full amount of their copayment, deductible, or coinsurance. The Defendants have not returned the overpayments to Cigna.

56. In reliance upon false statements, misrepresentations, and demands for payment made by the Defendants, Cigna paid claims for reimbursement submitted by the Defendants.

57. As a result of those false statements and misrepresentations, the Defendants received payments from Cigna of at least $1,934,502.15.

58. Specifically, Cigna seeks: (1) a constructive trust over the fees for which the Defendants improperly billed Cigna and were paid; (2) an order permanently enjoining the Defendants from disposing of or transferring any of the funds still in their possession or control; (3) an order requiring the return of such funds and a tracing of any portion of such funds no longer in the Defendants' possession or control; and (4) a constructive trust over any such funds in the possession or control of the Defendants as a result of the fraudulent conduct described in this Complaint.

**(Count 3 - Common Law Fraud – Non-ERISA)**

59. The Defendants misrepresented to Cigna that certain medical services were provided to Cigna's members which, in fact, were not provided. The Defendants represented to Cigna that

Cigna's members paid the member's portion of coinsurance, copayments, or deductibles, which is false.

60. The Defendants made false statements and misrepresentations to Cigna, which the Defendants knew were false or misleading, with the intention to defraud Cigna.

61. The Defendants' representations were material, because Cigna relies on the records and submissions of the Defendants to administer and pay for insurance benefits for Cigna's members.

62. The Defendants intended for Cigna to rely on the Defendants' false and misleading statements to make determinations as to whether to reimburse claims for healthcare services. Cigna reasonably relied on the Defendants' false statements and misrepresentations in paying for healthcare services allegedly rendered to Cigna's members. Cigna would not have paid the Defendants' healthcare claims if Cigna had known the claims included charges for services not rendered.

63. Cigna seeks to recover actual damages, consequential damages, incidental damages, and other costs caused by the Defendants' fraudulent conduct.

**(Count 4 - Civil Conspiracy – Non-ERISA)**

64. The Defendants coordinated among and between themselves to fraudulently obtain insurance reimbursement payments through unlawful misrepresentations and blatantly false statements. The Defendants engaged in this unlawful conduct with the intent to harm Cigna.

65. To accomplish their agreement, the Defendants registered the Reddy Entities in the names of persons other than Trivikram Reddy, provided false and misleading information to Cigna and to Cigna's members about what services were provided, when, and by whom.

66. The Defendants coordinated among themselves to mislead patients about whom their treating physician would be (if any), and which medical clinic was providing services. The Defendants coordinated among themselves to fabricate medical records. Further, Defendants coordinated to submit fraudulent healthcare claims to Cigna for services that were not performed, while also failing

to collect patients' copayment, deductible, or coinsurance. The Defendants intended to unlawfully obtain financial gain through those false statements and fraudulent and the illegal conduct.

67. As a result, Cigna has incurred damages by paying for improper services.

**(Count 5 - Claim for Unjust Enrichment – Non-ERISA)**

68. Under Texas law, a party may recover damages based on unjust enrichment if another party has used fraud or an undue advantage to obtain a benefit.

69. The Defendants received payment through fraudulent conduct, intentional misrepresentations, and false statements. In particular, the Defendants billed Cigna for services that were not provided to Cigna's members, and the Defendants failed to obligate the members to pay their portion of copayments, deductibles, or coinsurance. The Defendants also falsely claimed that licensed physicians were performing services for which the Defendants sought reimbursement when no licensed physician was involved in performing the services.

70. The Defendants obtained a benefit through their fraudulent conduct, because Cigna paid the Defendants for the healthcare claims at issue.

71. Because of the Defendants' overt fraud, false statements, and misrepresentations, it would be unconscionable to allow the Defendants to retain the payments received by the Defendants from Cigna. The Defendants have been unjustly enriched through their fraudulent conduct, and Cigna has been harmed as a result.

72. Cigna seeks to recover actual damages, consequential damages, incidental damages, and other costs incurred as a result of the Defendants' conduct.

**(Count 6 - Negligent Misrepresentations – Non-ERISA)**

73. The Defendants are liable to Cigna for misrepresentation. The Defendants made material misrepresentations to Cigna by: (1) submitting false and misleading claims for services that were not provided to patients; (2) submitting false and misleading bills which stated licensed physicians

had performed (or supervised) medical services which they had not done; and (3) submitting falsified medical records.

74. Further, the Managing Physicians are physicians licensed to practice medicine in the State of Texas. Under Texas law, a physician may delegate certain authorities to physician's assistants or advanced practice nurses, but the delegating physician remains responsible to the Texas Medical Board and to his or her patients for any acts performed under the physician's delegated authority.

75. The Managing Physicians participated in an ongoing fraud, in which non-physicians provided services which were not properly billed and billed for services which were never provided to members. The Managing Physicians disregarded their duties as supervising physicians, while permitting the use of their names at the Reddy Entities to mislead Cigna and Cigna's members, which resulted in overpayments by Cigna to the Defendants.

76. As a result of the negligence of the Managing Physicians, Cigna incurred significant losses by overpaying for services not rendered. As a result, Cigna seeks to recover its actual damages, consequential damages, incidental damages, and other costs incurred as a result of the Defendants' conduct.

**(Count 7 - Request for Declaratory Relief – ERISA and Non-ERISA)**

77. The Defendants purportedly provide healthcare services to patients, including Cigna members, and submit healthcare claims to Cigna for reimbursement for those services. In doing so, the Defendants represent to Cigna that the Defendants provided services to a Cigna member and that services billed to Cigna are the services that were provided to the Cigna member.

78. The Defendants made false statements and misrepresentations concerning the healthcare services they allegedly provided to Cigna's members by: (1) stating services were performed by a medical doctor when that was not the case; and (2) billing Cigna for services not performed, including when a patient was not seen.

79. The Defendants have wrongfully submitted healthcare claims for reimbursement to Cigna. Specifically, the Defendants have submitted claims for reimbursement for healthcare services that were not rendered to Cigna's members.

80. In addition, the Defendants have failed to obligate Cigna members to pay their share of copayments, deductibles, and coinsurance, which affects coverage for healthcare claims and treatments needed by Cigna members.

81. An actual, justifiable controversy exists between Cigna and the Defendants concerning the Defendants' improper billing practices and fee forgiveness and whether the reimbursement payments made by Cigna to the Defendants were proper.

82. Under 28 U.S.C. §2201 and Chapter 37 of the Texas Civil Practice and Remedies Code, Cigna seeks a declaratory judgment that:

a. The Defendants have violated Texas state laws concerning insurance fraud;

b. The Defendants have violated Texas state laws concerning maintenance of medical records;

c. No coverage is due by Cigna where the Defendants have failed to enforce the plans' cost-share requirements;

d. Cigna is entitled to recoup all overpayments paid to the Defendants for medical services that were not provided to Cigna members;

e. The Defendants must return to Cigna all sums received from Cigna for the claims at issue; and

f. Cigna also seeks recovery of its reasonable and necessary attorney's fees and costs.

**(Count 8 - Claim for Money Had and Received – Non-ERISA)**

83. In reliance on false statements and misrepresentations made by the Defendants, Cigna paid claims for reimbursement submitted by the Defendants. As a result, the Defendants received payments from Cigna in the sum of at least $1,934,502.15.

84. The Defendants were not entitled to seek, collect, or retain the payments they received from Cigna. The Defendants have not returned the payments to Cigna.

85. The money the Defendants received from Cigna belongs in equity and good conscience to Cigna. Therefore, Cigna seeks to recover all payments that have been made to the Defendants.

**(Count 9 – Negligent Supervision – Non- ERISA)**

86. The Managing Physicians are liable to Cigna for negligent supervision. The Managing Physicians are physicians licensed to practice medicine in the State of Texas. Under Texas law, a physician may delegate certain authorities to physician's assistants or advanced practice nurses, but the delegating physician remains responsible to the Texas Medical Board and to his or her patients for any acts performed under the physician's delegated authority.

87. The Managing Physicians participated in an ongoing fraud, in which non-physicians provided services which were not properly billed and billed for services which were never provided to members. The Managing Physicians disregarded their duties as supervising physicians, while permitting the use of their names at the Reddy Entities to mislead Cigna and Cigna's members, which resulted in overpayments by Cigna to the Defendants.

88. As a result of the negligent supervision by the Managing Physicians, Cigna incurred significant losses by overpaying for services not rendered. As a result, Cigna seeks to recover its actual damages, consequential damages, incidental damages, and other costs incurred as a result of the Defendants' conduct.

**(Count 10 - Exemplary Damages – Non-ERISA)**

89. The preceding paragraphs are incorporated by reference as if set forth fully herein.

90. Because the Defendants engaged in egregious, fraudulent conduct that resulted in harm to Cigna and to Cigna's members, Cigna is entitled to recover exemplary damages.

## VI.
## DISCOVERY RULE

91. The preceding paragraphs are incorporated by reference as if set forth fully herein.

92. Plaintiffs did not know and could not have known, despite the exercise of reasonable diligence, of all facts giving rise to its claims prior to the institution of this lawsuit.

## VII.
## CONDITIONS PRECEDENT

93. All conditions precedent to Cigna's recovery have occurred or will occur prior to the entry of a final judgment in this civil action.

## VIII.
## ATTORNEYS' FEES

94. Cigna seeks to recover its reasonable and necessary attorneys' fees and costs incurred in connection with prosecuting this action under, without limitation, Chapter 37 of the Texas Civil Practice and Remedies Code, and 29 U.S.C. § 1132(g)(1).

## IX.
## JURY DEMAND

95. Cigna demands a trial by jury for all non-ERISA causes of action.

## X.
## RELIEF REQUESTED

96. Based on the arguments and analysis above, Cigna respectfully requests that the Court enter a judgment awarding Cigna:

a. Declaratory judgment on the issues presented in this Complaint;

b. Actual damages in the amount of $1,934,502.15, representing overpayments made to the Reddy Entities since February of 2015;

c. Exemplary damages;

d. A constructive trust to secure the amount of any award;

e. Cigna's attorneys' fees and court costs;

f. Interest on any award; and

g. Any other remedy to which the Court determines Cigna is entitled.

Dated: January 13, 2020

Respectfully submitted,

**HOLLAND & KNIGHT LLP**

*/s/ Theresa Wanat*

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**COUNSEL FOR PLAINTIFFS CIGNA HEALTHCARE OF TEXAS, INC., CIGNA HEALTH AND LIFE INSURANCE COMPANY & CONNECTICUT GENERAL INSURANCE COMPANY**

# CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

## I. (a) PLAINTIFFS

Cigna Healthcare of Texas, Inc., Cigna Health and Life Insurance Company, and Connecticut General Life Insurance Company

**(b)** County of Residence of First Listed Plaintiff Harris County, TX
*(EXCEPT IN U.S. PLAINTIFF CASES)*

**(c)** Attorneys *(Firm Name, Address, and Telephone Number)*
Brad Hancock, Theresa Wanat, Holland & Knight LLP, 1100 Louisiana St., Suite 4300, Houston, Texas 77002

## DEFENDANTS

VCare Health Services, PLLC, Waxahachie Medical, PLLC, Texas Care Clinics, PLLC, Trivikram Reddy, Mary Boggan, and John Does 1-3

County of Residence of First Listed Defendant Ellis County, TX
*(IN U.S. PLAINTIFF CASES ONLY)*

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

## II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ❒ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ❒ 2 U.S. Government Defendant
- ❒ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

## III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

*(For Diversity Cases Only)*

| | PTF | DEF | | PTF | DEF |
|---|---|---|---|---|---|
| Citizen of This State | ❒ 1 | ❒ 1 | Incorporated *or* Principal Place of Business In This State | ☒ 4 | ☒ 4 |
| Citizen of Another State | ❒ 2 | ❒ 2 | Incorporated *and* Principal Place of Business In Another State | ❒ 5 | ❒ 5 |
| Citizen or Subject of a Foreign Country | ❒ 3 | ❒ 3 | Foreign Nation | ❒ 6 | ❒ 6 |

## IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

Click here for: Nature of Suit Code Descriptions.

| CONTRACT | TORTS | | FORFEITURE/PENALTY | BANKRUPTCY | OTHER STATUTES |
|---|---|---|---|---|---|
| ❒ 110 Insurance | PERSONAL INJURY | PERSONAL INJURY | ❒ 625 Drug Related Seizure of Property 21 USC 881 | ❒ 422 Appeal 28 USC 158 | ❒ 375 False Claims Act |
| ❒ 120 Marine | ❒ 310 Airplane | ❒ 365 Personal Injury - Product Liability | ❒ 690 Other | ❒ 423 Withdrawal 28 USC 157 | ❒ 376 Qui Tam (31 USC 3729(a)) |
| ❒ 130 Miller Act | ❒ 315 Airplane Product Liability | ❒ 367 Health Care/ Pharmaceutical Personal Injury Product Liability | | PROPERTY RIGHTS | ❒ 400 State Reapportionment |
| ❒ 140 Negotiable Instrument | ❒ 320 Assault, Libel & Slander | ❒ 368 Asbestos Personal Injury Product Liability | | ❒ 820 Copyrights | ❒ 410 Antitrust |
| ❒ 150 Recovery of Overpayment & Enforcement of Judgment | ❒ 330 Federal Employers' Liability | PERSONAL PROPERTY | LABOR | ❒ 830 Patent | ❒ 430 Banks and Banking |
| ❒ 151 Medicare Act | ❒ 340 Marine | ❒ 370 Other Fraud | ❒ 710 Fair Labor Standards Act | ❒ 835 Patent - Abbreviated New Drug Application | ❒ 450 Commerce |
| ❒ 152 Recovery of Defaulted Student Loans (Excludes Veterans) | ❒ 345 Marine Product Liability | ❒ 371 Truth in Lending | ❒ 720 Labor/Management Relations | ❒ 840 Trademark | ❒ 460 Deportation |
| ❒ 153 Recovery of Overpayment of Veteran's Benefits | ❒ 350 Motor Vehicle | ❒ 380 Other Personal Property Damage | ❒ 740 Railway Labor Act | SOCIAL SECURITY | ❒ 470 Racketeer Influenced and Corrupt Organizations |
| ❒ 160 Stockholders' Suits | ❒ 355 Motor Vehicle Product Liability | ❒ 385 Property Damage Product Liability | ❒ 751 Family and Medical Leave Act | ❒ 861 HIA (1395ff) | ❒ 480 Consumer Credit |
| ❒ 190 Other Contract | ❒ 360 Other Personal Injury | | ❒ 790 Other Labor Litigation | ❒ 862 Black Lung (923) | ❒ 490 Cable/Sat TV |
| ❒ 195 Contract Product Liability | ❒ 362 Personal Injury - Medical Malpractice | | ☒ 791 Employee Retirement Income Security Act | ❒ 863 DIWC/DIWW (405(g)) | ❒ 850 Securities/Commodities/ Exchange |
| ❒ 196 Franchise | | | | ❒ 864 SSID Title XVI | ❒ 890 Other Statutory Actions |
| | | | | ❒ 865 RSI (405(g)) | ❒ 891 Agricultural Acts |
| | | | | | ❒ 893 Environmental Matters |
| | | | | | ❒ 895 Freedom of Information Act |
| REAL PROPERTY | CIVIL RIGHTS | PRISONER PETITIONS | IMMIGRATION | FEDERAL TAX SUITS | ❒ 896 Arbitration |
| ❒ 210 Land Condemnation | ❒ 440 Other Civil Rights | **Habeas Corpus:** | ❒ 462 Naturalization Application | ❒ 870 Taxes (U.S. Plaintiff or Defendant) | ❒ 899 Administrative Procedure Act/Review or Appeal of Agency Decision |
| ❒ 220 Foreclosure | ❒ 441 Voting | ❒ 463 Alien Detainee | ❒ 465 Other Immigration Actions | ❒ 871 IRS—Third Party 26 USC 7609 | ❒ 950 Constitutionality of State Statutes |
| ❒ 230 Rent Lease & Ejectment | ❒ 442 Employment | ❒ 510 Motions to Vacate Sentence | | | |
| ❒ 240 Torts to Land | ❒ 443 Housing/ Accommodations | ❒ 530 General | | | |
| ❒ 245 Tort Product Liability | ❒ 445 Amer. w/Disabilities - Employment | ❒ 535 Death Penalty | | | |
| ❒ 290 All Other Real Property | ❒ 446 Amer. w/Disabilities - Other | **Other:** | | | |
| | ❒ 448 Education | ❒ 540 Mandamus & Other | | | |
| | | ❒ 550 Civil Rights | | | |
| | | ❒ 555 Prison Condition | | | |
| | | ❒ 560 Civil Detainee - Conditions of Confinement | | | |

## V. ORIGIN *(Place an "X" in One Box Only)*

☒ 1 Original Proceeding ❒ 2 Removed from State Court ❒ 3 Remanded from Appellate Court ❒ 4 Reinstated or Reopened ❒ 5 Transferred from Another District *(specify)* ❒ 6 Multidistrict Litigation - Transfer ❒ 8 Multidistrict Litigation - Direct File

## VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:
29 U.S.C. § 1001 et. seq.

Brief description of cause:
Cigna asserts claims that arise under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et. seq.

## VII. REQUESTED IN COMPLAINT:

❒ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

**DEMAND $**

CHECK YES only if demanded in complaint:

**JURY DEMAND:** ☒ Yes ❒ No

## VIII. RELATED CASE(S) IF ANY

*(See instructions):*

JUDGE Judge Brown DOCKET NUMBER 3:19-cr-00597-E-1

DATE 01/13/2020

SIGNATURE OF ATTORNEY OF RECORD /s/ Theresa Wanat

**FOR OFFICE USE ONLY**

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

# INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

**I.(a)** **Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

**(b)** **County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

**(c)** **Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

**II.** **Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below**; NOTE: federal question actions take precedence over diversity cases.**)

**III.** **Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

**IV.** **Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: Nature of Suit Code Descriptions.

**V.** **Origin.** Place an "X" in one of the seven boxes.
Original Proceedings. (1) Cases which originate in the United States district courts.
Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
**PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statue.

**VI.** **Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service

**VII.** **Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

**VIII.** **Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If a related case exists, whether pending or closed, insert the docket numbers and the corresponding judge names for such cases. A case is related to this filing if the case: 1) involves some or all of the same parties and is based on the same or similar claim; 2) involves the same property, transaction, or event; 3) involves substantially similar issues of law and fact; and/or 4) involves the same estate in a bankruptcy appeal.

**Date and Attorney Signature.** Date and sign the civil cover sheet.