

# **Information from Reverend Nakata**

# LATEST CONCERNS OVER STATE'S SELECTION OF MAINLAND HEALTH PLANS TO IMPLEMENT QExA CONTRACT

PRESENTED BY FAITH ACTION FOR COMMUNITY EQUITY (FACE)

February 26, 2009

1. On February 19, 2009, the Centers for Medicare & Medicaid Services of the US Department of Health and Human Services (CMS) prohibited WellCare from enrolling new members in its Medicare health plan and prescription drug program in all US markets, including Hawaii. This sanction is a result of WellCare's "longstanding and persistent failure to comply." In a letter to WellCare, CMS states "For the past two years, CMS performance data showed that WellCare's performance was substandard in numerous areas and WellCare was one of the overall worst performers among all plans." (See attached articles)

Ramifications to QExA Hawaii beneficiaries:

- Performance Issue: WellCare is ill-suited to implement the Hawaii QExA contract. WellCare has been under scrutiny since October 2007, when state and federal law enforcement authorities raided the company's headquarters, resulting in the removal of WellCare's top executives, a disclosure that previous executives had over billed government health programs by \$49 million, and a \$32.5 million refund to the state of Florida under its Medicaid contract. Why is the State continuing to allow this company to provide Medicaid services to 37,000 of Hawaii's aged, blind and disabled population?

- Financial Stability Issue: CMS' latest sanction against WellCare takes effect March 7 and prevents the company from growing a major part of its business (Medicare). How financially stable is this company? If WellCare continues to fail to fix its faulty business practices and CMS does not lift its sanction, what will happen if WellCare pulls out of the Hawaii market? QExA Hawaii beneficiaries will be left with only one provider -- UnitedHealth, which is also undergoing investigations for improper claim denials.

2. QExA Hawaii beneficiaries are being told by WellCare and UnitedHealth case managers they can no longer receive health care at their community health center (CHC) or see their primary care physician (PCP) since their CHC and PCP are non-participating. This is in direct violation of what the Department of Human Services has instructed these health plans to do -- beneficiaries are allowed to continue with their CHC and PCP, even if these providers have opted not to participate with UnitedHealth or WellCare. Waikiki Health Center, Waimanalo Health Center and Waianae Coast Comprehensive Health Center are a few of the non-participating CHCs who have received numerous calls from their patients reporting this misrepresentation.

Ramifications to QExA Hawaii beneficiaries:

- Health Care Issue: Beneficiaries may not seek medical care if they believe they can no longer see their PCP or receive services from their CHC. Many of these patients have long-standing relationships with their PCPs and may not have transportation to travel to other participating health centers.
- Continuity of Care: DHS has stated that non-participating CHCs and PCPs will be reimbursed if they receive prior authorization. How long will this take, and what if health care is needed immediately by the patient?

**-WELLCARE-**  
Instances of Organizational Instability  
&  
Bad Business Practices  
(All reports within last 16 months)

**RECENT WELLCARE REPORTS AS OF FEBRUARY 20<sup>TH</sup>, 2009:**

**CMS BANS WELLCARE FROM ENROLLING MEDICARE MEMBERS**

- An article in the Tampa Tribune by Richard Mullins, entitled “Regulators Halt WellCare From Signing New Medicare Customers”, stated that despite the fact that WellCare is one of the nations largest administrators of Medicare & Medicaid, they are overall the *worst* performer, and have a complaint record 3 times the national average. As a result of inappropriate business practices, WellCare has been banned from enrolling new Medicare members until further notice, effective March 7<sup>th</sup>, 2009. (See attached documentation)

**WELLCARE FORGED ENROLLMENT DOCUMENTS & PROVIDED MISLEADING OR INACCURATE INFORMATION TO POTENTIAL CUSTOMERS**

- In the article “Regulators Reportedly Order WellCare to Stop Enrollment in Medicare Plans”, in the www.trrnews.com website, CMS regulators cited a long list of problems with WellCare’s Medicare business, including: deceptive sales practices, delays with urgent customer problems, forged enrollment documents. (See attached documentation)

**WELLCARE HAS HIGHEST COMPLAINT RATE IN THE NATION**

- In the Jacksonville Business Journal, Margie Manning stated in the article “CMS Sanctions on WellCare Bar Marketing of Medicare Health Plans” that from January 1<sup>st</sup> to February 1<sup>st</sup>, CMS received over 2,500 complaints on WellCare.
- Richard Mullins, from the Tampa Tribune, stated in “WellCare Medicare Customers have Options” the majority of complaints on WellCare were designated to “immediate need” issues. It was also stated that members have issues regarding complains about services, and difficulty in obtaining prescription drugs. (See attached documentation)

**WELLCARE REPORTS AS OF OCTOBER, 2007:**

**WELLCARE UNDER INVESTIGATION FOR MEDICAID/MEDICARE FRAUD**

- According to the HitsUSA website article “WellCare FBI Raid”, Federal fraud investigators seized multiple boxes of information and records related to WellCares’ Medicaid contract.

- Kris Hundley stated in The Times, "FBI Raid Shatters Medicare Insurer", that more than 200 federal and state agents swarmed WellCare's campus with a subpoena seizing company records and files.
- In an article entitled "Attorney General's Statement On WellCare Investigation", posted on the [CT.gov](http://CT.gov) website, Attorney General Richard Blumenthal confirmed their office had been conducting a months long investigation into the WellCare Connecticut company and all its affiliates.

#### **WELLCARE KEPT 50% OF STATE MONEY INTENDED FOR MENTAL HEALTH CARE**

- In an article in the Florida Health News, by Carol Gentry it is stated that WellCare kept 50% of the state money they received in 2007 for mental health care, despite being required to spend at least 80% on their patients.

#### **WELLCARE REQUIRED TO PAYBACK OVER \$35 MILLION TO STATE**

- In was reported in the MedicalNewsToday.com, WellCare had to repay \$35.2 million to state as a result of the Medicaid fraud investigation. These investigations have been ongoing.

#### **WELLCARE IN DEFAULT OF \$153.2 MILLION DOLLAR LOAN**

- One the website, The Motley Fool, it is stated in an article entitled "WellCare dives on Report of Higher Medical Costs", that in a filing with the Securities and Exchange Commissions, WellCare disclosed that it is in default on a loan facility with a balance of \$153.2 million, which will become due May 13, 2009.

#### **TOP EXECUTIVES AT WELLCARE MADE TO RESIGN**

- According to the article "WellCare Expected to Clean House", on TheStreet.com, WellCare was planning to oust CEO Todd Farha, CFO Paul Behrens and General Counsel Thaddeus Bereday.
- Four days after the above article was released, the Tampa Tribune printed the article "3 Top Executives Resign from WellCare", which highlighted that CEO Todd Farha, CFO Paul Behrens, and General Counsel Thaddeus Bereday stepped down from their positions within WellCare following the Fraud Investigation initiated by the FBI in October 2007.

#### **FORMER EMPLOYEE OF WELLCARE PLEADS GUILTY TO COMMITTING FRAUD WITHIN HIS ROLE WITH THE COMPANY**

- On Oct. 7<sup>th</sup>, 2007, The Jacksonville Business Journal reported that a former employee of WellCare admitted to engaging in Fraud while at the company by inflating expenses submitted to AHCA, thereby reducing the amount of money WellCare had to pay back to the state.

## **WELLCARE RENEGES ON PROMISE TO PAY FOR MEDICALLY NECESSARY PATIENT PROCEDURES**

- On the Leopold-Kuvin attorney website, there are multiple accounts of WellCare not paying for members medical procedures. One such account was logged under the headline "WellCare Reneges on Promise to Pay for Insured Patients Needed Surgery", WellCare authorized an approval for a surgery, then days before the surgery was to take place, reneged and denied the procedure, with no prior notification to the patient.
- On the Ricci-Leopold website, an article entitled "WellCARE Denial of Coverage Causes Woman's Death" states that a medically necessary therapy for a cancer patient was denied through an improper review process, and the extensive delay in WellCare's re-review of the request and alternative therapy resulted in the patients death.

## **WELLCARE EXPOSES PRIVATE, CONFIDENTIAL MEMBER INFORMATION ON THE INTERNET**

- WellCare reported on their website that their WellCare of Georgia office released private patient records on to the internet. Names, dates of birth, and social security numbers were among some of the information displayed. WellCare in turn had to pay for one-year credit monitoring for all affected members.

**CMS BANS WELLCARE FROM ENROLLING MEDICARE MEMBERS**

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# Regulators Halt WellCare From Signing New Medicare Customers

By **RICHARD MULLINS** | The Tampa Tribune

Published: February 19, 2009

Updated: 08:22 pm

**TAMPA** - Federal regulators Thursday suspended WellCare Health Plans Inc. from signing up any new customers for its Medicare-backed insurance and drug plans and sternly scolded the company for faults.

WellCare is one of the nation's largest administrators of Medicare and Medicaid benefits for the poor and elderly on behalf of government agencies. Yet WellCare was overall the worst performer among all such plans and had the worst record of complaints (three times the national average), said Abby Block, Medicare's chief of private plans, in a letter to the company.

Among faults, regulators said WellCare forged enrollment documents and provided misleading or inaccurate information to potential customers.

The sanctions take effect March 7 for Tampa-based WellCare and call a halt to growth in major parts of its business until federal officials believe WellCare has fixed faulty business practices.

The suspension does not affect any current enrollees in WellCare plans, nor does it involve the company's Medicaid programs. But it does suspend WellCare from adding any new members to its Medicare health and drug plans across the country.

WellCare had "demonstrated a longstanding and persistent failure to comply" with federally-backed healthcare requirements, according to a letter sent Thursday to WellCare from the Centers for Medicare and Medicaid Services.

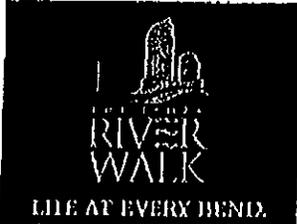
WellCare spokesman Amy Knapp said this federal action does not relate to any recent government probes or investigations – such as the high-profile raid on the company's offices in October 2007. Rather, federal regulators Thursday called out WellCare on the quality of its business practices. Last July, the company disclosed that previous executives overbilled government health programs by \$49 million.

Knapp said the company "continues to cooperate" with regulators.

In imposing the suspension, CMS specifically said WellCare was deficient in handling enrollments, cancellations, customer grievances, appeals and oversight of brokers. CMS had been meeting regularly with WellCare over the last month regarding the issues, the letter noted.

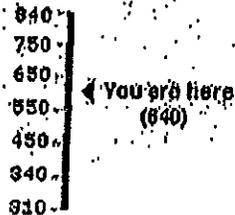
Yet from Jan. 1 this year to Feb. 1, CMS received 2,500 complaints

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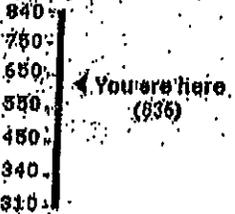


What are your 3 Credit Scores?

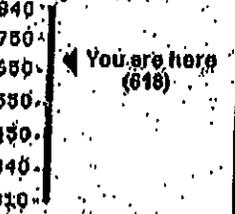
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from WellCare's Medicare customers, the letter said. Almost 800 complaints were deemed "immediate" and had to be resolved within two days, and WellCare failed to do so for approximately 300 cases,

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CMS said.

WellCare served approximately 2,373,000 members as of Dec. 31, 2007, the last time the company publicly released customer rolls.

WellCare broke agency guidelines when it "misled and confused beneficiaries and engaged in door-to-door solicitation," CMS said, and while the company said those problems were fixed, a CMS audit "found the same marketing deficiencies."

The suspension will remain in effect until Medicare officials say they are satisfied WellCare has fixed its business practices, and a relapse was not likely, CMS said. The action appears to have spooked investors, as stock in WellCare fell \$4.26, or 30 percent, to \$9.80 per share in after hours trading, according to Bloomberg News. That's down from \$120 per share before the October 2007 raid.

Reporter Richard Mullins can be reached at (813) 259-7919.

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**Reader Comments**

Voice your opinion by posting a comment.

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Posted by ( Seawolf ) on 02/19/2009 at 06:13 pm.

Same school as Many Democrats attended also. Since when does any politician (Republican or Democrat) have the best interest of the people first on thier priority list?WAKE UP!

**Report Inappropriate Comments**

**WELLCARE FORGED ENROLLMENT DOCUMENTS & PROVIDED MISLEADING  
OR INACCURATE INFORMATION TO POTENTIAL CUSTOMERS**



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## **Regulators reportedly order WellCare to stop Enrollment in Medicare Plans**

2/20/2009 2:30 AM ET

Federal regulators ordered WellCare Health Plans Inc. (WCG), a provider of managed care services to government-sponsored healthcare programs, to halt new customer enrollment in its medicare plans, media reported Thursday. Following the news, the company's shares plunged 25.20%, or \$3.54, during Thursday's after-market hours to \$10.51.

The Centers for Medicare & Medicaid Services, or CMS, reportedly stated in a letter sent to WellCare that the company forged enrollment documents and provided misleading or inaccurate information to potential customers. The sanction will take effect on March 7 and it will remain there until the company satisfies regulators that its operations and marketing have improved, CMS noted.

Sources reported that CMS has recently received more than 2,500 complaints from WellCare Medicare plan customers about their services, including difficulty in obtaining prescription drugs. Almost 800 of the complaints were designated "immediate need" matters.

CMS imposed the sanctions after repeated meetings, which failed to get the company to improve its performance and after alleged violations of marketing and grievance-handling rules, Abby Block, CMS' chief of private plans, reportedly said in the letter.

WellCare is one of the largest administrators of Medicare and Medicaid benefits for the poor and elderly on behalf of government agencies. However, it was overall the worst performer among all such plans and had the worst record of complaints, according to Block.

Reports also said that the suspension does not affect the membership status of current customers in WellCare's Medicare Advantage health plans and Medicare drug plans.

In January, the agency had barred health insurer WellPoint Inc. (WLP) from signing up new Medicare customers because it allegedly denied prescriptions to some and overcharged others.

WCG closed Thursday's regular trading at \$14.05.

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**WELLCARE HAS HIGHEST COMPLAINT RATE IN THE NATION**

# JACKSONVILLE Business Journal

Friday, February 20, 2009, 11:48am EST

## CMS sanctions on WellCare bar marketing of Medicare health plans

Jacksonville Business Journal - by [Margie Manning](#)

The **Centers for Medicare & Medicaid Services of the U.S. Department of Health and Human Services** has barred **WellCare Health Plans Inc.** from marketing its Medicare health plans and from enrolling new members in the plans.

CMS said it imposed the sanctions because of WellCare's "longstanding and persistent failure to comply" with the proper administration of the **Medicare Advantage** and Medicare prescription drug plans. In a letter sent Thursday to WellCare, CMS said WellCare fell short in its enrollment and disenrollment operations, appeals and grievances, timely and proper responses to beneficiary complaints and requests for assistance, and marketing and agent/broker oversight activities.

In a statement issued Friday morning, WellCare (NYSE: WCG) said it would suspend the marketing and enrollment activities by March 7. Heath Schiesser, president and chief executive of the Tampa-based provider of managed care services, said in the statement that WellCare takes CMS' concerns very seriously and is committed to complying fully with CMS requirements and serving the needs of members.

WellCare said current members of its Medicare health plans are not affected. The CMS sanctions also do not impact the company's Medicaid and S-CHIP plans.

WellCare dominates the Medicaid market in Jacksonville with more than 43,000 members in Duval County, or about 55 percent of the market.

### Highest rate of complaints

WellCare has been under scrutiny since October 2007, when state and federal law enforcement authorities raided the company's headquarters, kicking off a series of events that led to a plunge in WellCare's stock price, a replacement of the company's entire executive team, a decision to restate financial information back to 2004 and a \$32.5 million refund to the state of Florida under its Medicaid contract.

The CMS letter gives an indication of how closely the federal agency has been monitoring WellCare.

In its letter, CMS said it brought compliance issues to the attention of WellCare on numerous occasions. It cited in-person meetings with senior management on Nov. 20, 2008, as well as Feb. 4, 2009, a conference call with senior management on Jan. 26, 2009, regular bi-weekly conference calls with the Atlanta regional office and several corrective action plans resulting from three audits in 2007 and 2008. None of those meetings resulted in "sufficient improvement" in operations or corrected the problems, CMS said.

From Jan. 1 to Feb. 1 of this year, CMS said it received more than 2,500 complaints from Medicare beneficiaries enrolled under WellCare's contracts.

Additionally, CMS said beneficiary complaint data for an extended period of time showed WellCare has the highest rate of marketing complaints among Medicare Advantage plans with 100,000 enrollees or more. Many of the complaints involved alleged marketing misrepresentation, CMS said.

CMS said it routinely monitors the performance of Medicare plans, looking at data such as customer service indicators, reliability of data provided to beneficiaries and health providers, complaints concerning access to covered items and services, the proper handling of appeals, and the accuracy of pricing and out-of-pocket costs.

"For the past two years, CMS performance data showed that WellCare's performance was substandard in numerous areas and WellCare was one of the overall worst performers among all plans," the CMS letter says.

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## WellCare Medicare Customers Have Options

By [RICHARD MULLINS](#) | The Tampa Tribune

Customers with Medicare insurance or drug coverage through WellCare Health Plans Inc. have a few options to consider, now that federal regulators cracked down on the company's practices.

Federal authorities Thursday ordered WellCare Health Plans Inc. to stop enrolling new people into its Medicare drug and health plans as of March 7.

Regulators cited a long list of problems: deceptive sales practices, delays with urgent customer problems, forged enrollment documents and the highest complaint rate in the nation.

WellCare officials said they are working with the regulator, the Centers for Medicare and Medicaid Services.

"We take CMS' concerns very seriously," said Heath Schiesser, WellCare's president and chief executive officer. "We are committed to complying fully with CMS requirements and serving the needs of our members."

Medicare officials have seen problems with such companies before, "but not to this extent," said Peter Ashkenaz, a spokesman for Medicare.

This presents a dilemma for current WellCare customers who might want to leave the company for another provider.

Open enrollment dates may restrict some beneficiaries from leaving WellCare.

Open enrollment for Medicare Advantage runs from Jan. 1 to March 31. During that period, people can leave WellCare and return to "fee for service" Medicare, but they have to keep their Part D prescription drug coverage plan with WellCare.

But there are other ways to make changes in the meantime. Customers who call Medicare can plead their case, and officials there pay special attention to hardship instances or dangerous problems with a provider, Ashkenaz said.

"That includes cases like not being able to get critical heart medicine," Ashkenaz said, and such problems are taken on a case-by-case basis.

WellCare faces a long road to restart enrollments.

The company must come up with a plan to fix problems, then hire an outside auditor to review the plan and company operations. Then federal authorities conduct their own audit of WellCare and review the case. Current rules say regulators must be satisfied the company isn't likely to relapse into problems.

In the meantime, stock in WellCare plunged \$3.24 per share in mid-day trading, or about 23 percent,

to \$10.81 per share as investors absorbed the news. So far this year, one other plan has received such sanctions from the government. That was WellPoint Inc., an unrelated company.

WellCare's suspension of new enrollments does not affect current WellCare beneficiaries.

To change your Medicare health or prescription drug program, call Medicare offices at 1-800-MEDICARE (800-633-4227).

Member Id	Hicn No.	Out Contra	In Contract	Troop	Rx Spend	Benefit Ye:	Effective Date
'92409971600	575364919A	H5424	H5969	\$239.07	\$1,349.96	2008	2/17/2009