



NAMES IN THE NEWS: WELLCARE

By

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A private health maintenance organization that has state contracts to serve more than 2.3 million Medicare and Medicaid patients was raided last week by federal and state authorities investigating fraud allegations.¹ The focus of the raid on the Tampa, Fla., office of WellCare Health Plans was information pertaining to the company's Florida operations.² The company provides services for 356,000 of Florida's Medicare patients and is expecting \$706 million in payments.³ After news of the raid spread, the company's stock fell almost 63 percent in a day.⁴

WellCare and its subsidiaries, gave more than \$2 million to candidate and party committees between 2000 and 2006. An analysis of these contributions reveals:

- Of the more than \$800,000 WellCare gave to candidates, 87 percent of contributions went to lawmakers who decide state policy, including the terms of government contracts;
- The company made 68 percent of its contributions in Florida, a focus of the raid, and 92 percent of donations in five of the seven states where it maintains offices;
- Republican candidate and party committees received 91 percent of WellCare contributions.

The contributions came largely from companies operating under the WellCare and Harmony brand names. WellCare brands contributed a total of \$1.27 million with WellCare Health Plans giving more than \$900,000. The Harmony companies, which were acquired by WellCare in 2004,⁵ contributed \$584,216 in the 2006 election cycle. Harmony Health Plan of Illinois, which gave \$162,391, was the largest single Harmony contributor. The only WellCare contributor that does not operate under the WellCare or Harmony brand name is HealthEase, which gave \$176,000.

WellCare subsidiary Harmony Behavioral Health may have been a specific target in the raid.⁶ The company gave \$152,000 in 2006, with 73 percent of the money going to Florida candidates and party committees.

¹ George Stahl, "WellCare Stock Plummets Following Raid on Headquarters," *Wall Street Journal*, Oct. 25, 2007 [newspaper on-line]; available from http://online.wsj.com/public/article_print/SB119332694927171525.html; Internet; accessed Oct. 30, 2007.

² Kris Hundley, "WellCare Shares Nose-Dive After Raid," *St. Petersburg Times*, Oct. 26, 2007 [newspaper on-line]; available from http://www.sptimes.com/2007/10/26/Business/WellCare_shares_nose_.shtml; Internet; accessed Nov. 1, 2007.

³ *Ibid.*

⁴ George Stahl, "WellCare Stock Plummets Following Raid on Headquarters," *Wall Street Journal*, Oct. 25, 2007 [newspaper on-line]; available from http://online.wsj.com/public/article_print/SB119332694927171525.html; Internet; accessed Oct. 30, 2007.

⁵ "Harmony Health Systems to be Acquired by WellCare," *Shattuck Hammond Partners*; March 8, 2004 [on-line]; available from <http://www.shattuckhammond.com/News/031004.shtml>; Internet; accessed Oct. 30, 2007.

⁶ Kris Hundley, "WellCare Shares Nose-Dive After Raid," *St. Petersburg Times*, Oct. 26, 2007 [newspaper on-line]; available from http://www.sptimes.com/2007/10/26/Business/WellCare_shares_nose_.shtml; Internet; accessed Nov. 1, 2007.

**CONTRIBUTIONS FROM WELLCARE & AFFILIATED CONTRIBUTORS,
2000-2006**

CONTRIBUTOR	TOTAL
WellCare Health Plans	\$914,348
HealthEase	\$176,000
WellCare Management Group	\$164,500
Harmony Health Plan of Illinois*	\$162,391
WellCare Prescription Insurance	\$153,125
Harmony Behavioral Health*	\$152,000
Harmony Health Systems*	\$137,725
Harmony Health Management*	\$118,100
WellCare Pharmacy Benefits Management	\$26,000
WellCare Behavioral Health	\$8,500
Harmony Health Plan of Indiana*	\$8,000
Harmony Health Management of Indiana*	\$6,000
WellCare Health Insurance of Arizona	\$5,000
TOTAL	\$2,031,689

*The Harmony Group of Companies was acquired in 2004. These contributions only reflect Harmony Health contributions in the 2006 election cycle, after the acquisition.

WellCare and associated donors gave more than three-quarters of their money in 2006, due in part to the acquisition of Harmony following the 2004 election cycle. In addition, contributions from the Harmony companies increased sharply after it became a part of WellCare. Prior to 2006, the Harmony brands gave \$118,075, less than a quarter of the \$579,216 contributed in the 2006 election cycle.

Overall, WellCare contributors gave nearly \$1.6 million in the 2006 election cycle, compared to \$429,300 in 2004, just \$2,500 in 2002, and \$31,000 in 2000.

As the headquarters of WellCare and a target of the raid, Florida was the top recipient state of WellCare affiliated contributions, receiving 68 percent or \$1.38 million. More than one-third of WellCare's customers are in Florida.⁷

Four other states where WellCare has offices collected an additional \$600,923. All told, the company made 98 percent of its contributions in states where it maintains offices. Two states with WellCare offices, Connecticut and Ohio, did not receive any contributions from WellCare.

WELLCARE CONTRIBUTIONS BY STATE, 2000-2006

STATE	TOTAL
Florida*	\$1,381,166
New York*	\$277,307
Georgia*	\$163,850
Illinois*	\$149,766
Indiana	\$27,000

⁷ George Stahl, "WellCare Stock Plummets Following Raid on Headquarters," *Wall Street Journal*, Oct. 25, 2007 [newspaper on-line]; available from http://online.wsj.com/public/article_print/SB119332694927171525.html; Internet; accessed Oct. 30, 2007.

STATE	TOTAL
California	\$20,000
Louisiana*	\$10,000
Missouri	\$2,600
TOTAL	\$2,031,689

*States with WellCare offices.

Party committees received more than half of WellCare contributions, or \$1.2 million. WellCare contributed largely to Republican committees, with the Florida Republican Party collecting \$964,166. The Illinois Senate Democratic Fund, which received \$5,000, was the only Democratic committee WellCare contributors supported.

State legislative candidates received \$614,016, which accounted for 30 percent of contributions overall and more than three-quarters of WellCare contributions to candidates.

Florida Attorney General Bill McCollum received \$7,500 from WellCare contributors in 2006. His office's Medicaid department was a part of the raid.⁸

WELLCARE CONTRIBUTIONS BY OFFICE, 2000-2006

OFFICE	TOTAL
Party Committee	\$1,231,073
State Legislature	\$614,016
Governor/Lt. Governor	\$159,600
Other Statewide	\$27,000
TOTAL	\$2,031,689

WellCare and affiliated companies gave \$1.86 million to Republican candidates and party committees, accounting for 91 percent of their contributions. Democratic candidates and party committees collected just \$172,966.

The WellCare group of companies overwhelmingly supported winners and incumbents with their campaign contributions. Winning candidates and incumbents not up for re-election received 87 percent of WellCare donations to candidates. Incumbents collected \$625,566, or 78 percent of contributions from WellCare companies to candidates.

TOP RECIPIENTS OF WELLCARE CONTRIBUTIONS, 2000-2006

RECIPIENT	PARTY	OFFICE	STATUS	TOTAL
Florida Republican Party	Republican	Party Committee	N/A	\$964,166
Senate Republican Campaign Committee of New York	Republican	Party Committee	N/A	\$130,907
Blagojevich, Rod R. (Illinois)	Democrat	Governor	Won	\$85,000
Georgia Republican Party	Republican	Party Committee	N/A	\$75,000

⁸ George Stahl, "WellCare Stock Plummets Following Raid on Headquarters," *Wall Street Journal*, Oct. 25, 2007 [newspaper on-line]; available from http://online.wsj.com/public/article_print/SB119332694927171525.html; Internet; accessed Oct. 30, 2007.