8/1/2016

FACT SHEET: WELLCARE HEALTH PLANS, INC

Background:

More than half of all Medicaid beneficiaries nationally receive most or all of their care from risk-based managed care organizations (MCOs) that contract with state Medicaid programs to deliver comprehensive Medicaid services to enrollees. Although not all state Medicaid programs contract with MCOs, a large and growing majority do, and states are also rapidly expanding their use of MCOs to reach larger geographic areas, serve more medically complex beneficiaries, deliver long-term services and supports, and, in states that have expanded Medicaid under the Affordable Care Act (ACA), to serve millions of newly eligible low-income adults.

Total Medicaid MCO spending in the US (FY2014) was $162B, which comprised 34% of total Medicaid spending.[1]

WellCare:

1. Headquartered in Tampa, Fla., WellCare Health Plans, Inc. (NYSE: WCG) focuses exclusively on providing government-sponsored managed care services, primarily through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans, to families, children, seniors and individuals with complex medical needs.
2. WellCare serves about 3.8M members and contracts with 348,000 healthcare providers, as of 2015. Medicaid makes up about 63% of WellCare's coverage. WellCare is a Fortune 500 Company (#234). In 2015, WellCare reported $13.9B in revenue and $119M in earnings.[2]
3. WellCare and other insurance providers in Florida will be receiving a total of ~$433M in back premiums from Fiscal 2013/2014 through Fiscal 2015/2016. This amount is the result of some members being classified as TANF when in fact the members were eligible for higher rate categories, such as Meds AD or SSI.[3]
4. WellCare has Medicaid managed care contracts in Florida, Georgia, Hawaii, Illinois, Kentucky, Missouri, New Jersey, New York, and South Carolina. WellCare also has 15 Medicare Advantage (MA) Plans in the U.S and provides a stand-alone Part D drug plans (PDPs) in all 50 states and DC. It is important to note that in October 2015, CMS announced 2016 MA and PDP Star Ratings. The Star Rating for eight of WellCare's 12 MA plans, which serve approximately 73% of the 2015 MA membership, received an overall rating of 3.0 stars or higher (out of 5 Stars). The company's remaining four MA plans each received a score of 2.5 for 2016, and our stand-alone PDPs received a combined score of 2.5 for 2016. Two of

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[1] http://kff.org/other/state-indicator/total-medicaid-mco-spending/

[2] http://ir.wellcare.com/Cache/1001209118.PDF?O=PDF&T=&Y=&D=&FID=1001209118&iid=4091918

[3] Wedbush Quick Note, Healthcare Services – Managed Care, June 16, 2016

WellCare's MA contracts have been denoted as "low performing" plans by CMS: the MA contract serving Arkansas, Mississippi, Tennessee and South Carolina and the MA contract serving Louisiana.[4]

5. WellCare and Centene Corporation are reported to have bid for the package of MA assets that are being auctioned off by Aetna to help close the transaction with Humana. The package of MA assets is reported to be $2.5B in revenue, and 350K members. Equity researchers see WellCare as more likely than Centene to win the assets in this auction given their existing MA presence.[5]
6. WellCare was acquired by HealthFirst Health Plan in New Jersey's Medicaid Managed Care system. Additionally, the Gazette reports WellCare Health Plan of Iowa was in litigation for failing to disclose in its response to the MLTSS RFP a corporate integrity agreement and information regarding $137.5 million in fines to resolve false claims litigation. After losing their appeal, the health plan decided to back out of the Iowa MLTSS bidding process.
7. WellCare has experienced 3 state sanctions 2010-2013. Its Florida health plan in 2012 was fined $36,500 for failure to meet child health check-up standards. Again in 2013, its Florida health plan was fined $10,000 for failure to achieve minimum HEDIS standards on prenatal and chronic care. Its Hawaii health plan in 2012 was fined $10,000 for failure to pay claims promptly.[6]
8. WellCare's core values include; partnership, integrity, accountability, and teamwork. Its mission is to enhance quality of life, partner with providers and governments to improve quality and cut costs, and create a rewarding environment for employees.[7]
9. In WellCare's 2015 corporate overview, it reported 90% of claims are processed within ten days of filing, and 83% of claims are immediately auto-adjudicated.
10. Additionally, in WellCare's 2015 corporate overview, it reported provider satisfaction at about 89.2% and participant recommendation rate at about 84.7%.[8]
11. In Georgia's Medicaid Quality reporting, patient satisfaction determined through CAHPS with Health Plans overall was at 74.0%.[9]
12. WellCare's payment model is risk-based. Care coordination services follow a shared savings model, medical services follow a FFS model, and administrative services follow a full medical risk model. The payment model depends on an entity's ability to take risk and oversee services.[10]

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[4] Ibid.
[5] Leerink Managed Care Flash Note, July 11, 2016
[6] http://kff.org/other/state-indicator/state-imposed-mco-sanctions/
[7] WellCare Health Plan marketing material
[8] WellCare Health Plan marketing material
[9] https://dch.georgia.gov/sites/dch.georgia.gov/files/Georgia%20Medicaid%20Program%20Adult%20Summary%20Report_July%202015.PDF
[10] WellCare Health Plan marketing material

13. Coordinated functions between the plan the provider for care coordination typically include: EMR, reporting, training, care management, disease management, network expansion, quality, Long-Term Care Coordination, and inpatient management.[11]
14. WellCare removes social barriers to accessing health care by connecting members to local, community-based public assistance programs and services called the Social Safety Net. WellCare Health Plans participated in the HealthConnections Model, which informed their participation in better data collection, evidence-based pilot projects, community activities, and their 2016 strategic plan. WellCare formed the CommUnity Commitment, with n4a in 2015, to review data from WellCare's HealthConnections Model and community health data to identify policy, planning, and advocacy opportunities for WellCare in the future.[12]
15. In a meeting with SW AAAs in 2016, WellCare expressed that it is exclusively focused on Medicaid and Medicare and would be bidding on every region in PA Community HealthChoices while taking a localized, hybrid approach with care coordination. They plan to build and buy different kinds of care management/service coordination.
16. As of February 2016, WellCare representatives expressed interest in working with SW PA AAAs to create an operating model detailing how they will deliver Community HealthChoices services throughout the state. A representative from WellCare in a meeting with a SW PA AAAs, wanted to put the AAAs in touch with WellCare's Director of Products, Cindy Hatcher, to create the model. The meeting was never fully developed.
17. WellCare uses a data-centric model that evaluates community-based services in different regions. This is part of WellCare's administrative overhead, not medical costs, to improve outcomes.
18. WellCare plans on working with AAAs to create flexible payment models in Community HealthChoices. They recognize the county AAAs do not have large reserves and may have to being at a fee-for-service (FFS) model before building up to another payment model.
19. WellCare uses PegaSystems for its care management system, TriZetto for its claims and billing platform, and RxAnte to track patient medication utilization.

[11] WellCare Health Plan marketing material
[12] WellCare Health Plan marketing material