

## Worst Practices: Coventry Health Care

- 2008 revenues: [\\$9.9 Billion](#)
- Customers: [Over 5 million](#)
- Spending on Federal Lobbyists [\\$40,000 thus far in 2009](#)

**2007 Total Revenue of \$9.87953 billion  
Net Income of \$626.09 million**

**2008 Total Revenue of \$11.91365 billion  
Net Income of \$381.89 million.**

**CEO (former): Dale B. Wolf**

**\$9,047,469 (Total compensation for 2008).** Wolf carried a base salary of \$965,000 in 2008, and earned just over \$1.9 million in stock awards. His "other compensation," which amounted to \$486,447, included transportation on the company's airplane, a company match retirement savings plan and a company match 401(k) plan. Replaced by Allen Wise on Jan 30, 2009 [[Health reform watch](#)]

### **Cancer Patient Denied Coverage for life-prolonging drug**

**In 2007, Coventry refused to cover the costs of a doctor recommended drug for cancer patient Mary Casey,** saying it is experimental. Casey suffers from adenoid cystic carcinoma, a rare form of cancer. She had surgery and radiation two years ago, but the cancer had spread to her lungs. Her doctor prescribed a drug called Tarceva, which is approved by the Food and Drug Administration to treat some forms of lung and pancreatic cancer; it is still being tested for other types of cancer. The drug costs \$3,600 a month -- more than the Casey family can manage. "Because Ben and I both work, we don't qualify to get the drug for free," Casey said. "They say it's experimental. It will always be experimental for my cancer because it is so rare." **Her doctor said she needs a drug to survive, but her insurance company refused to pay for it.** KMBC's Bev Chapman has the story of a cancer patient who made a difficult decision this week. Mary Casey said she's never wanted to make her health problems a topic for public discussion, but that's exactly what has happened. "It's kind of like David versus Goliath, but you have to keep fighting," Casey said. [KMBC-TV, Kansas City, [5/10/07](#)]

### **Investors sue Coventry, claiming securities violations.**

#### **Pension fund says insurance executives made \$46 million in improper stock sales**

An institutional investor has filed a class-action lawsuit against Bethesda insurance company Coventry Health Care, claiming company executives violated federal securities laws and that a "scheme" enabled the executives and others to realize \$46 million in stock sales, causing plaintiffs and others to suffer "economic loss." The complaint was filed in U.S. District Court in Baltimore by Plumbers Local N. 98 Defined Benefit Pension Fund, represented by Coughlin Stoia Geller Rudman & Robbins, a San Diego law firm with an office in Washington, D.C. Named as defendants are former Coventry CEO Dale B. Wolf, CFO Shawn M. Guertin and Corporate Controller John J. Ruhlman. The suit seeks redress for the

plaintiffs, including damages to be determined at trial. Attorneys at Coughlin Stoia could not be reached for comment. Coventry executives did not return a phone message. The complaint against Coventry alleges that from Feb. 9, 2007, to Oct. 22, 2008, the defendants made "numerous positive statements" regarding the company's financial condition, business and prospects and that these statements were "materially false and misleading because defendants failed to disclose" adverse facts. [Gazette.net, [9/1/09](#)] and [PR Log, [9/9/09](#)]

North Kansas City Hospital filed a lawsuit against Coventry Health Care. The hospital is suing Coventry Health Care for \$5 million. The lawsuit claims Coventry has underpaid the hospital for medical services. [KMBC, [10/16/06](#)]

"When I arrived at Coventry eight years ago, my goal was simply for Coventry to be known as a well-run business," said **Allen F. Wise**. Source: [The Free Library](#)

Carelink Health Plans, Inc. of West Virginia, a subsidiary of Coventry is being sued for discrimination against a person with disabilities. [[Health Insurance Betrayal Newsvine](#)]

In 2007, Coventry was fined \$264,000 by Medicare because they unlawfully marketed plans to seniors and the disabled. "Elderly people who aren't competent, can't read or don't speak fluent English have been pressured into joining the plans, known as Medicare Advantage." [[Business Publications Resource](#)]

In 2007, Coventry was selected by West Virginia's Public Employees Insurance Agency as the Medicare Advantage Plan to provide health insurance to retirees. [[Red Orbit](#)]

### **Coventry's Rising Insurance Costs Leads to Bad News for Retirees and Creates controversy in WV**

Maryland-based Coventry Health Care is increasing its monthly per-enrollee rate for handling Medicare Advantage by 37 percent, from \$163 to \$223, as of July 1. It also plans to stop managing such privately run portions of the government health program for seniors at the end of this year. West Virginia's health care program for public employees decided Thursday to end subsidies for retirees, starting next year with all new hires, and was promptly told to expect a lawsuit. American Federation of Teachers-West Virginia President Judy Hale vowed to sue following the vote by the finance board for the Public Employees Insurance Agency. "It's one of the things that helps us recruit teachers, retain teachers," said Hale, whose group continuously battles for pay raises, with mixed results. "It's outrageous in light of teacher shortages ... We will settle this in court." [[West Virginia Gazette](#)]

Prepared by USAction.org for WV Citizen Action Group. For links to the underscored references go to [www.wvcag.org](http://www.wvcag.org)