Department of Justice

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FIVE FORMER EXECUTIVES INDICTED ON HEALTH CARE FRAUD CHARGES

Tampa, Florida - United States Attorney Robert E. O'Neill announces the return by a grand jury of an indictment charging five former executives of WellCare Health Plans, Inc. ("WellCare") with conspiracy to commit Medicaid fraud, false statements, and other related charges. Specifically, the indictment charges Todd S. Farha (42, Tampa), former Chief Executive Officer; Thaddeus M.S. Bereday (45, Tampa), former General Counsel; Paul L. Behrens (49, Odessa), former Chief Financial Officer; William L. Kale (61, Oldsmar), former Vice President of Harmony Behavioral Health, Inc. - a wholly-owned subsidiary of WellCare; and Peter E. Clay, (54, Wellesley, Massachusetts), former Vice President of Medical Economics. The maximum penalty for each health care fraud count is up to ten years imprisonment. The maximum term of imprisonment for each of the other counts is up to five years.

According to the indictment, beginning in July 2003 and continuing until October 24, 2007, the defendants, all former executives of WellCare Health Plans, Inc. ("WellCare"), conspired to, and engaged in, a scheme to defraud the Florida Medicaid program by making false and fraudulent statements relating to expenditure information for behavioral health care services. WellCare operates health maintenance organizations ("HMOs") in several states targeted to government-sponsored health care benefit programs such as

Medicaid. Two WellCare HMOs (StayWell and Healthease) operating in Florida, contracted with the Agency for Health Care Administration ("AHCA"), the Florida agency which administers the Medicaid program, to provide Florida Medicaid program recipients with an array of services, including behavioral health services. In 2002, Florida enacted a statute which required Florida Medicaid HMOs to expend 80% of the Medicaid premium paid for certain behavioral health services upon the provision of those services. If the HMO expended less than 80% of the premium, the difference was required to be returned to AHCA. The indictment alleges, in detail, the ways in which the defendants falsely and fraudulently schemed to submit inflated expenditure information in the company's annual reports and certifications to AHCA in order to reduce the WellCare HMOs' contractual payback obligations for behavioral health care services.

On May 5, 2009 the United States filed charges in an Information and Deferred Prosecution Agreement against WellCare. Pursuant to that Deferred Prosecution Agreement, WellCare was required to pay $40 million in restitution, forfeit another $40 million to the United States, and cooperate with the government's criminal investigation. On that same day, an Information and Plea Agreement for co-conspirator Gregory West were unsealed. In the plea agreement, West, a former employee of WellCare, admitted his participation in the scheme to defraud the Medicaid program.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent unless, and until, proven guilty.

This case was investigated by the Federal Bureau of Investigation, the U.S. Department of Health and Human Services/Office of Inspector General, and the Florida

Attorney General's Medicaid Fraud Control Unit. It will be prosecuted by Assistant United States Attorneys Jay Trezevant and Cherie Krigsman.

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As the charging documents against WellCare reveal, the ongoing investigation does not directly concern WellCare's delivery of health care services to any person.