

Two Months After J.D. Power Honor, Regulators Stepped In At WellCare!



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TAMPA - In December, J.D. Power and Associates praised WellCare Health Plans Inc. for "outstanding customer service experience" in handling customer calls about their Medicaid and Medicare benefits with WellCare.

Two months later, federal regulators suspended Tampa-based WellCare from signing up new Medicare clients, citing "persistent" failures to handle customer appeals and "immediate need" calls, such as patients unable to get critical drugs entitled to them.

For two years, regulators said, WellCare's "performance was substandard in numerous areas and WellCare was one of the overall worst performers among all plans."

For a well-regarded ratings firm such as J.D. Power to miss such problems at a medical company — "that's a big red flag," said Scott Broetzmann, a call center consultant and president and chief executive of the Customer Care Measurement and Consulting Co., which publishes the "National Customer Rage Study."

WellCare may have won a certification, but Broetzmann said, "I would not put a lot of faith in it." WellCare officials said a contract with J.D. Power prevents the company from discussing the study. J.D. Power officials say they stand by their research.

When it comes to rating call centers, not all awards are created equal. Experts in customer care warn that public praise from rating agencies needs to be taken with great skepticism by consumers.

They point to one factor in particular that customers should know: WellCare paid J.D. Power more than \$50,000 for a call center "certification" and the right to use the J.D. Power brand name in advertising.

Broetzmann and other call center experts say selling "certifications" can work well as a business venture, but it also risks a conflict of interest between ratings companies and the clients who pay for those ratings.

"Some skepticism by consumers is a healthy thing here," said Emily Yellin , author of "Your Call is Not That Important To Us," which is about call centers. Ratings companies may interview thousands of customers of a service provider, but "it's all about how you phrase the question."

J.D. Power rates dozens of companies and products in a range of industries each year: initial car quality, cable TV providers, cell phone service, airlines, hotels and homebuilders. For those studies, J.D. Power independently surveys customers and publishes the results on its own authority.

But J.D. Power has another, lucrative and fast-growing division that sells contract research on call centers. Not many companies fail such studies.

"Normally, we're only dealing with companies who think they are doing well," said Mark Miller, director of the call center research division at J.D. Power who spearheaded the WellCare study. "I would say close to 90 percent of the companies who attempt it, do pass the certification."

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The WellCare study last year was a routine project for J.D. Power, Miller said. WellCare contacted J.D. Power two years ago to seek a certification and provided a list of customers who contacted its call center between Oct. 23 and Oct. 25.

J.D. Power contacted 1,506 of those callers to complete an automated survey with 18 questions about their experience calling WellCare.

J.D. Power staff then audited procedures at four WellCare call centers: Bellingham, Wash.; Ogden, Utah; Santo Domingo, Dominican Republic; and Stewart, Va. J.D. Power then compared results with other call centers nationwide. Because WellCare's results ranked in the top 20 percent, it received a J.D. Power certification.

Though seemingly straightforward, Yellin, the author, and Broetzmann said several potential flaws could detract from such a study.

First, the business relationship between J.D. Power and WellCare presents the potential for a conflict of interest between the grader and the subject of a study. J.D. Power has less motivation to fail companies if that could discourage other companies from potentially hiring it to review their operations, Broetzmann said.

Under their agreement, WellCare also purchased the right to use the J.D. Power brand name and logo in promotions, including on business cards, company stationery and marketing sent to customers, as well as on the phone with current clients. WellCare and J.D. Power also jointly drafted announcements of the award in December.

J.D. Power prohibits client companies from divulging a copy of its report, WellCare spokeswoman Amy Knapp said, or discuss specific results beyond a template media release provided by J.D. Power.

Second, J.D. Power didn't compare WellCare with other medical providers or insurance companies. Miller said his staff compared WellCare with call centers in several other industries. Typically, that could include call centers at cell phone companies, hotels or cable TV providers, he said.

Only a few of the 18 questions J.D. Power asked in its survey focused on whether WellCare fixed the problem a customer was calling about, Miller said. The other questions focused on issues such as a call center worker's courtesy, knowledge, concern for the customer, usefulness of the information, convenient operating hours and ease of reaching a representative.

Those are important issues, Yellin said, but customers' problems are the reason they called in the first place.

"This is about more than did you like the hold music," Yellin said.

Meanwhile, WellCare faces a range of other issues. Several federal and state law enforcement agencies have ongoing investigations into its operations. The company has restated earnings reports and its stock has fallen 83 percent, from a high of more than \$55 in May to less than \$10 week.

Miller at J.D. Power stands by the methods used in evaluating WellCare.

Speaking of the difference between his results and those of regulators, he said, "It's just pure conjecture on my part as to how you can reconcile those two."

It's possible, he said, that many of the callers he surveyed had contacted WellCare with problems that call center staff didn't have the authority to solve, which would greatly

interest regulators, but might not gravely impact a J.D. Power score. For instance, a client might have a problem with a pharmacist, not WellCare.

"All I can say is from the research we gathered, they [WellCare] met the threshold," Miller said. He said there may have been breakdowns at WellCare call centers at times not measured by J.D. Power. "Sometimes companies can have really heavy call volume periods, or the group can be overwhelmed by a technical issue ... you can have personnel turnover."

Though he declined to say precisely how much WellCare paid, Miller said it ranked as a large study. Forty clients have signed up for certification reviews since J.D. Power began the program. Contracts can range from \$50,000 to review one call center to several hundred thousand dollars to review several sites, Miller said.

J.D. Power will survey 74 call centers this year. The company has no plans to re-evaluate work at WellCare. Meanwhile, WellCare's Knapp said the company does not plan to continue work with J.D. Power. She declined to explain why.

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