

News Release



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Labor Department Sues Principals Of Florida-Based Health Plan Service Provider

MIAMI, Fla. – The U.S. Department of Labor sued the principals of Well America Group, Inc. of Coral Gables, Fla., on June 12 for mismanagement of 38 health plan clients, which left participants in Georgia and Florida with more than \$10 million in unpaid medical claims. The health plans cover approximately 5,400 participants in Florida and Georgia.

“The Department of Labor is taking legal action against the principals of Well America Group, Inc. to protect employers and their workers. Employers purchased health coverage for their employees in good faith but unscrupulous operators mismanaged premium payments and did not pay workers’ health claims,” said Secretary of Labor Elaine L. Chao. “If Congress passes the Association Health Plan legislation, the department will have a greater ability to oversee these types of plans and combat abuse of health plans.”

The department’s lawsuit names Geoffrey A. Cole, Sr., president and chief executive officer of Well America Group, and Vivian V. Lehman, executive vice president and chief operating officer for the company. Well America Group was not named as a defendant in the lawsuit because the corporation has been dissolved. The participating employers and their agents have paid many of the outstanding claims.

The suit alleges that Cole and Lehman imprudently used premiums contributed by participants of one plan to pay claims of participants in another plan without knowledge of employers. The defendants also failed to procure and/or maintain letters of credit to protect each plan from the possibility that premiums and stop-loss insurance would be insufficient to pay all covered claims, to keep separate bank accounts for each plan, and to provide monthly statements of each account to employers. The suit also alleges that Cole inappropriately received commissions from stop-loss insurers and from Vision Select, a provider of discounted vision-related products to participants in the plans.

Cole and Lehman established the Well America program in 1998 to provide services to employers seeking health insurance coverage for their workers. Each plan included a schedule of health benefits, a preferred provider network, a prescription drug benefit and a worksite health management program. Eligible employees could participate in the plan in exchange for monthly premiums, with Well America guaranteeing premium rates for plan participants for the first 24 months of the management agreements.

The suit, filed in federal district court in Miami, seeks to restore to the plans all losses with interest, remove Cole and Lehman from their positions with the plans and permanently bar them from serving or having control over assets of any ERISA-governed employee benefit plan. The suit also asks the court to appoint a successor fiduciary to take over and terminate the plans.

Employers and workers can contact the regional office at **(404) 562-2156** or EBSA’s toll-free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector pension and health plans.

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(Chao v. Cole) Civil Action # 03-21576

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