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Centene showers politicians with millions as it courts contracts and settles overbilling allegations

[Centene gives politicians millions amid overbilling allegations | STLPR \(stlpublicradio.org\)](#)

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Kaiser Health News

Centene Plaza in Clayton on Oct. 29, 2022. Since 2015, Centene has given more than \$26 million to state political campaigns, including in places where it is wooing Medicaid contracts and settling accusations of overbilling taxpayers.

On Nov. 2, 2021, Nevada Gov. Steve Sisolak's reelection campaign received 10 separate \$10,000 contributions from what appeared to be unrelated health insurance plans from across the country.

The Buckeye Community Health Plan of Ohio, Louisiana Healthcare Connections, and Peach State Health Plan of Georgia were among the companies that sent money to the Democrat,

according to state campaign finance records, even though only one, SilverSummit Healthplan, provided insurance in the Silver State.

But a thread connects the companies: Each is a subsidiary of Centene Corp., ranked 26th on the Fortune 500 list, and the nation's largest private managed-care provider for Medicaid, the government insurance program for people with low incomes or disabilities.

Centene had already sealed Medicaid deals in Nevada through its SilverSummit subsidiary — yet a potential new line of business was on the horizon. Sisolak, who is up for reelection Nov. 8, had just approved a new public health plan option that would later open up to bidding from contractors such as SilverSummit.

And then, less than two months after Centene's subsidiary contributions were made, Nevada settled with the company over allegations the insurer overbilled the state's Medicaid pharmacy program. The state attorney general's office did not publicly announce the \$11.3 million settlement but disclosed it in response to a public records request from KHN.

Sisolak — who has accepted at least \$197,000 from Centene, its subsidiaries, top executives, and their spouses since August 2018 — issued a statement through his campaign spokesperson Molly Forgey that said Medicaid contracts are awarded by an independent group. "There is zero correlation between Centene's donations and how the governor legislates," Forgey said. "The governor in no way acts unilaterally in decisions to award state contracts."

The contract went before the Nevada Board of Examiners for final approval. Sisolak is one of three voting members.



Justin Sullivan
/
Getty Images

Gov. Steve Sisolak (D-Nev.) at an event in Las Vegas on Oct. 15, 2022.

Centene has similarly amplified campaign contributions to governors in New York and South Carolina, two states where it has profitable contracts and such giving by multiple subsidiaries is allowed. And despite having [pledged to investors to disclose its political giving](#), Centene has revealed to shareholders only a portion of its contributions — omitting much of its subsidiary giving from [reports on its website](#).

Under corporate law, each subsidiary is its own business, which allows companies to increase their political footprints in some states by giving the maximum allowed donations from more than one entity, said [Ciara Torres-Spelliscy](#), a law professor at Stetson University in Florida.

“In some cases, they can increase it tenfold depending on how many subsidiaries and how much money they want to aim at a particular politician,” Torres-Spelliscy said. “They will exploit any loophole.”

Since 2015, the St. Louis-based insurance behemoth, its subsidiaries, its top executives, and their spouses have given more than \$26.9 million to state politicians in 33 states, to their political parties, and to nonprofit fundraising groups, according to a KHN analysis of IRS tax filings and data from the nonpartisan, nonprofit group OpenSecrets. That total doesn’t include the millions of dollars Centene and its subsidiaries have given to state politicians’ political action committees because OpenSecrets doesn’t track those donations. The KHN analysis also does not include giving to congressional and presidential candidates.

It’s a purposeful political investment: Centene earns billions of dollars from governments and then uses its profits to back the campaigns of the officials who oversee those government contracts. The company has developed this sophisticated, multipronged strategy as it pursues even more state government-funded contracts and defends against sweeping accusations that it overbilled many of those very governments.

Centene declined to make a representative available for an interview and didn’t respond to specific questions about its political giving. But company spokesperson Suzy DePrizio said in a statement that the company follows all local, state, and federal laws and records all contributions from its political action committee. She said Centene’s contributions “are intended to serve as support to those who advocate for sound public policy healthcare decisions, which is evident by our nearly equal support of candidates from both parties.”

This year, according to IRS filings that go through Sept. 30, Centene has given \$2.2 million, combined, to the Republican and Democratic governors’ associations, which help elect candidates from their respective parties. And Centene gave \$250,000, combined, to the Republican Attorneys General Association and its Democratic counterpart.

Since last year, state attorneys general, whose campaigns are benefiting from the associations’ money, have negotiated massive settlements with Centene over accusations the company’s prescription drug programs overbilled Medicaid.

More than 20 states are investigating or have investigated Centene's Medicaid pharmacy billing. The company has agreed to pay settlements to 13 of those states, with the total reaching about \$596 million. And Centene [told KHN](#) in October that it is working to settle with Georgia and eight more states that it didn't identify. It has denied wrongdoing in all the investigations.

KHN found that Centene, like many corporations, also pays dozens of lobbyists in state capitals across the country and in Washington, D.C. It courts officials with fundraising parties and perks such as tickets to sporting events like Sacramento Kings games. And it helps fund committees set up to pay for governors' inaugural events — as it did for Sisolak, with a \$50,000 donation, separate from its campaign contributions, according to the Nevada secretary of state's office.

Executives and their family members make political contributions in their own names. For example, from 2015 through 2021, Centene's then-CEO Michael Neidorff and his wife, Noémi, wrote at least \$380,000 in personal checks to state candidates, with more than 60% going to California Gov. Gavin Newsom, a Democrat who governs a state where the insurer generated 11% of its revenue in 2019. The Neidorffs lived in St. Louis.

There's no proof Centene's contributions swayed politicians' decisions, but campaign finance experts say money can translate into access and that can lead to influence.

"They're trying to protect their market share," said [Gerald Kominski](#), a senior fellow at the UCLA Center for Health Policy Research. "They see it as necessary to maintain good relations with the agencies and with the individuals who are involved in decision-making because that's the way government works."

Billing question surfaces in Ohio

Health care industry players — from insurers, to doctor lobbying groups, to drug companies — routinely make large political donations. Centene rival Elevance Health, formerly known as Anthem, has spent at least \$21.8 million on state political contributions since 2015, according to KHN's analysis.

What makes Centene stand apart from competitors is the massive share of its business that is funded by taxpayers. Founded as a nonprofit in 1984 by a former hospital bookkeeper, Centene earned \$126 billion in revenue last year — up from \$5 billion a decade ago, according to the company's annual reports.

Its rocketing revenue has been fueled by its thriving Medicaid managed-care business, takeovers of competitors, and growth in its Medicare Advantage membership and in enrollment in health plans it sells via the Affordable Care Act health insurance marketplaces. Centene's Ambetter plans, available on the exchanges, have the highest enrollment nationally. The company has also locked up lucrative deals to deliver health care to state prisoners, military members, and veterans.

Centene has reported that two-thirds of its revenue comes from state Medicaid contracts that cover about 15 million people across the country.

So when Ohio Attorney General Dave Yost [sued Centene](#) in March 2021 over what he called a complex scheme of “corporate greed” to “fleece taxpayers out of millions,” other states took notice.

Ohio investigators accused Centene of overcharging the state’s Medicaid program through the company’s pharmacy benefit managers, which provided medications to Centene-managed Medicaid patients. Pharmacy benefit managers, known as PBMs, [act as middlemen](#) between drugmakers and health insurers and as intermediaries between health plans and pharmacies.

Centene denied wrongdoing but faced immediate consequences. Ohio officials froze its application to renew its contract to offer insurance to state Medicaid enrollees.

“Ohio had Centene over a barrel,” said Antonio Ciaccia, a consultant who worked with the state on the dispute.

The company settled three months later for \$88.3 million. Its application was soon unfrozen, and it won a Medicaid contract that summer for its subsidiary Buckeye Health, whose lobbyists include Michael Kiggin, a [law school buddy](#) of Republican Gov. Mike DeWine.

Dan Tierney, a spokesperson for DeWine, said the state’s competitive bidding process was reviewed by a court, which “noted Buckeye Health Plan scored highly in the bid process.”

Since last year, 12 other states have settled with Centene over pharmacy services: Arkansas, Illinois, Kansas, Louisiana, [Massachusetts](#), Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, [Texas](#), and Washington.

Of the states that have reached settlements so far, at least five have subsequently awarded government contracts to the company. Louisiana [settled with the insurer in November 2021 for \\$64.2 million](#) and just three months later awarded a statewide Medicaid contract to Centene’s subsidiary Louisiana Healthcare Connections. KHN learned of the settlement, which was not previously publicly announced, in October through a records request.

Nebraska officials also hadn’t publicly announced the state’s [\\$29.3 million settlement with Centene](#) in December until they received a recent KHN public records request. Nine months after the settlement, the state awarded Centene subsidiary Nebraska Total Care a Medicaid contract.

One reason Centene keeps winning contracts, Kominski said, is that such large insurers don’t have much competition in some parts of the country. “It’s not as if states can easily say, ‘OK, we’re going to have an open competition’ and then they have hundreds of insurers

willing to participate in the marketplace,” Kominski said. “Health care is not, in general, a very competitive marketplace.”

Some politicians are tired of that playbook. In Mississippi, the state House of Representatives voted in February to prohibit Republican Gov. Tate Reeves’ administration from awarding a contract to any company that the state had settled with for more than \$50 million. Centene paid Mississippi \$55.5 million the year before.

“I am for doing away with our business to a company who took \$55 million of our money that was supposed to be spent on the poor, the sick, the elderly, the mentally ill, the disabled,” Republican state Rep. [Becky Currie](#), who authored the amendment, told her colleagues on the House floor.

The House adopted Currie’s amendment, but the Senate stripped it out of the bill.

Reeves’ gubernatorial campaign committee has received \$210,000 from Centene since 2015, according to OpenSecrets data, and Mississippi lawmakers and party organizations have reaped at least \$600,000. Reeves’ office did not respond to multiple requests for comment about the donations.

In August, just over a year after the settlement, Mississippi [awarded Centene subsidiary Magnolia Health Plan](#) a new Medicaid managed-care contract.

Showing up “as a partner in the market”

In Georgia, reports of Medicaid overbilling by insurers surfaced in 2018. The following year, Republican Gov. Brian Kemp retained Mississippi-based law firm Liston & Deas to investigate, according to a letter KHN obtained.

But three years later, while other states have settled with Centene, Georgia has not. Centene is also currently trying to renew a Medicaid managed-care contract in the state.

Meanwhile, the company, its subsidiaries, and employees have given at least \$139,500 in contributions to Kemp since his first bid for governor started in 2017, according to state campaign records.

Georgia Attorney General Chris Carr’s campaign has [received at least \\$53,000 in Centene-related giving](#) just this year, with most coming from company executives, including Centene’s new CEO, Sarah London, who gave \$10,000. Carr, a Republican whose office would oversee any potential Centene settlement, and his spokesperson Kara Richardson said the state Medicaid agency is reviewing the billing data.

Centene is also trying to renew Medicaid managed-care contracts in Florida, Texas, and New Mexico. In angling for those deals, London told investors in September that she’s

spending more time in states talking to key leaders because “our state relationships are a critical part” of the business.

“In the conversations that I have been having with governors,” she added, “I hear a lot of positive feedback about the way that Centene shows up as a partner in the market.”

London, her fellow top executives, and their spouses have given just over half a million dollars since 2015 to gubernatorial and attorneys general candidates across the country. Their checks were often dated the same day for the same amount to incumbent politicians whose governments oversee Medicaid managed-care contracts in states, including in Arizona, Kansas, and North Carolina.

“The optics of this are pay to play when decisions are made,” said [Aunna Dennis](#), executive director of Common Cause Georgia, a nonprofit watchdog group. “It could be perceived as this health care company buying influence from lawmakers and elected officials.”

Giving down the ballot

Centene brands its health plans under local names, such as Peach State Health Plan in Georgia and SilverSummit in Nevada. Because Centene has more than 300 U.S. subsidiaries, the insurer has many avenues for political giving.

As it did for Nevada’s governor, Centene lined up its health plans nationwide to support the governor of South Carolina — three times — while it had and renewed a Medicaid contract in that state.

In 2017, according to OpenSecrets data, Republican Gov. Henry McMaster’s campaign received \$66,500, combined, from Centene and 17 of its subsidiaries. In 2019, Centene and 10 subsidiaries gave \$38,500 on a single day. Then this year, on April 28, 11 Centene affiliates sent the governor a total of \$36,000.

This year’s contributions to McMaster’s campaign weren’t included in reports that Centene has published about its political spending since 2020. The McMaster campaign did not respond to questions about the donations.

Also omitted from Centene’s published disclosures on its website were most of the contributions made by its California-based subsidiary Health Net, which is among Centene’s most politically active health plans and is a huge revenue maker for the company. Together, Health Net and another Centene subsidiary, California Health & Wellness, gave at least \$3.8 million to ballot measure campaigns and state and local politicians from 2015 through Oct. 25, 2022, according to the California secretary of state’s office. Health Net also gave \$50,000 to Newsom’s inaugural committee in 2018, according to the California Fair Political Practices Commission.

“We’d be surprised if it was an accident that contributions were not included in the website report to shareholders,” said Bruce Freed, president of the [Center for Political Accountability](#), a nonprofit advocacy organization that rates companies on their disclosure of political donations.

Former Centene CEO Neidorff, who died this year, and his wife gave Newsom \$240,800 from 2018 through 2020, according to the California secretary of state’s office. That’s on top of the \$121,800 that Health Net has contributed to Newsom’s campaigns since 2015. All of those fell within state campaign contribution limits. Neither the governor’s office nor his campaign returned requests for comment.

The governor has pushed proposals expected to help Centene and other insurers — including expanding insurance subsidies, requiring Californians to have health insurance, and extending coverage to immigrants regardless of their legal status. Noémi Neidorff did not respond to requests for comment.

At the moment, the company has billions of dollars at stake in California: The state is among those currently investigating its pharmacy billing practices, [KHN has reported](#). And the company is appealing [the state’s decision](#) this summer not to award key Medicaid contracts to Health Net in Los Angeles, Sacramento, and other counties.

While these decisions are pending, the company has continued to send checks to campaigns, including to dozens of local leaders — mayors, city council members, and county supervisors — in regions critical to its business.

Now, some of those local leaders are writing to state officials, asking them to reverse their decision and give Health Net a Medicaid contract locally, according to letters KHN obtained.

Sacramento County Supervisor Phil Serna and two of his fellow supervisors were among those whose campaigns received checks from Health Net. They declined to comment.

“It certainly doesn’t mean that we can’t use our meager bully pulpits to affect, perhaps, reconsideration of their selection,” Serna told a group of Health Net employees who showed up in pink T-shirts to testify at a public hearing in September.

He had [written a letter](#) to state officials urging them to reopen the bidding six days earlier.

Phillip Reese, an assistant professor of journalism at California State University-Sacramento, contributed to this article.

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Methodology

KHN analyzed data from [OpenSecrets](#), a nonprofit, nonpartisan organization that collects campaign finance data about political candidates and committees. Its state-level data was analyzed to determine how much money Centene Corp., its subsidiaries, its top executives, and their spouses gave to state candidate campaign committees and ballot measure campaigns across the country from Jan. 1, 2015, through Oct. 4, 2022.

OpenSecrets does not track state political action committees or have complete data for 2022 because of inconsistent state campaign finance reporting deadlines and other factors. So to find additional contributions and cross-check the ones in OpenSecrets' data, KHN downloaded state-level campaign data, including for political action committees tied to specific candidates, directly from state election websites in Florida, Georgia, Tennessee, Mississippi, and Nevada, and searched the California secretary of state's website for donations to both state and local officials. Those numbers are not included in the overall tally of contributions but are used to supplement KHN's reporting.

By searching OpenSecrets' database and Centene's [political activity reports](#), KHN identified eight nonprofit political groups that supported state candidates and received contributions from the company during the same time frame, including the national associations for electing governors and attorneys general from each party. To calculate the contributions Centene made to those nonprofits from 2015 through 2018, KHN relied on data compiled by OpenSecrets. For contributions from 2019 onward, KHN scoured the [contribution and expenditure reports](#) those nonprofits filed annually with the IRS, known as Form 8872, because the OpenSecrets data was not yet complete.

KHN identified Centene subsidiaries through the company's annual reports to the U.S. Securities and Exchange Commission and the National Association of Insurance Commissioners. In some cases, subsidiaries made donations before they were acquired by Centene. Those donations were excluded from the analysis.

The findings of the analysis were compared with Centene's corporate giving reports — which are posted on the company's website and date back to Jan. 1, 2020 — and KHN determined that those reports did not show all the giving by Centene subsidiaries that KHN had documented from campaign finance data covering that time period.

KHN conducted the same analyses of OpenSecrets and IRS data for Centene's competitor Elevance Health, formerly known as Anthem.

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