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***Texas CHIP Management Firm Sues Canadian Vendor  
For Interference With CHIP Contract***

**AUSTIN, TX—April 14, 2003.** Community Health Solutions, LLC (“CHS”), a program management subcontractor for the Texas CHIP program, today filed suit against a Canadian vendor, BCE Emergis (“BCE”), for interference with CHS’ contractual and business relationships with Clarendon National Insurance Company (“Clarendon”), a CHIP contractor with the State of Texas that provides coverage for children in rural areas. CHS officials said BCE has engaged in character assassination of CHS and its chief executive in recent weeks in a desperate attempt to retain its lucrative CHIP contract with Clarendon.

“In recent weeks, political operatives for BCE Emergis, Inc., have circulated inaccurate information among legislators in an effort to disparage Community Health Solutions and its chief executive officer, Michael Masters,” said Sydney Stuart, General Counsel for CHS. “Cloaked in the guise of advocacy for the Texas Children’s Health Insurance Program, the actual reasons for BCE’s activities are anything but altruistic.”

CHS is the program management subcontractor for Clarendon. BCE, a Canadian company based in Montréal, is a vendor hired by Clarendon at the recommendation of CHS to assist with the administration of Clarendon’s Texas CHIP contract. Recently, in its capacity as program manager and in response to urging by the Texas Health and Human Services Commission that Clarendon streamline its administrative operation, CHS determined that it could manage this contract more efficiently by bringing the BCE vendor functions in-house for performance by CHS. Consequently, Clarendon did not renew BCE’s contract, which was scheduled to expire by its own terms on April 30, 2003. This decision results in projected savings to Texas taxpayers of more than \$1 million per year.

“BCE has failed to include a number of pertinent facts in its recent communications with legislators regarding this matter,” said Stuart.

“First, the decision not to renew BCE’s contract represents a loss to BCE of some \$6,612,000 annually, which represents a substantial portion of BCE’s total revenue,” she said. “Placed in this context, the true motivation behind BCE’s malicious activities becomes clear.”

“Second, since learning of Clarendon’s decision not to renew its contract, BCE has four times sought injunctive relief, and four times been rejected, its last effort in the Fifth Circuit Court of Appeals in New Orleans having been summarily denied.”

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“Third, BCE has blatantly mischaracterized and distorted answers given by CHS’ chief executive, Michael Masters, in depositions. For example, BCE represented to legislators that Masters stated that he earns \$200,000 per month from the Texas CHIP contract. In proper context, the \$200,000 figure given by Masters represents the revenues received by Masters’ company for all of the programs it oversees, which includes two government contracts and over 300 commercial contracts in five states and the U.S. Virgin Islands. In addition, this figure represents total revenues and fails to take into account any operating expenses incurred by the company, including rent, utilities, personnel and professional services to fight the baseless allegations of BCE.”

Stuart said that BCE’s misrepresentations and falsehoods regarding CHS and Michael Masters are a rash, desperate effort to salvage a lucrative CHIP contract using BCE’s only remaining means—character assassination.

“CHS cannot abide the patently false accusations and innuendos made against it and its chief executive,” Stuart said. “Accordingly, today, CHS has filed suit against BCE for its tortious interference with CHS’ contractual and business relationships.”

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