Earnings Preview: Humana reports 4Q earnings

The Associated Press

Health insurer Humana Inc. reports fourth-quarter financial results on Monday before the market opens.

WHAT TO WATCH FOR: Humana said late last year that its forecast for 2011 earnings would slip by about a dollar per share from the prior year due mainly to less favorable trends for its crucial Medicare business.

The Louisville-based managed care company is among the largest providers of Medicare Advantage plans, which are privately run versions of the government's Medicare program that provides health coverage for the elderly.

Humana has posted strong enrollment growth in its Medicare Advantage business, and the segment has been a key contributor to the company's strong profit growth.

Susquehanna Financial Group analyst Chris Rigg said in a recent investors' note that Humana now expects its 2011 Medicare Advantage revenue to be modestly higher than its previous projection, and for Medicare Advantage enrollment to be slightly higher than previously expected.

In late December, Humana completed its $790 million acquisition of Concentra Inc., which delivers occupational medicine, urgent care, physical therapy and wellness services from more than 300 medical centers in 42 states. Humana raised its 2011 earnings-per-share forecast by a dime after completing the transaction.

Health insurers benefited from a drop in claims last year compared with 2009, but health care use is expected to return to normal levels in 2011.

Humana also offers Medicaid and commercial coverage and insurance for military members and their families.

WHY IT MATTERS: Humana is one of the nation's largest publicly traded health insurers, with about 10.1 million medical members and 7 million specialty members.

WHAT'S EXPECTED: Analysts expect Humana to earn 73 cents per share on revenue of $8.39 billion for the fourth quarter, according to FactSet.

LAST YEAR'S QUARTER: Humana said its fourth-quarter net income jumped 44 percent last year as its Medicare Advantage business drove higher government income, offsetting a slumping commercial segment. The health insurer earned $250.7 million, or $1.48 per share, for the three months ended Dec. 31. Revenue grew 2 percent to $7.63 billion.

Source URL (retrieved on *04/18/2014 - 8:34pm*):
http://www.mdtmag.com/news/2011/02/earnings-preview-humana-reports-4q-earnings