WellPoint to buy Medicare Advantage plan provider

The Associated Press

Health insurer WellPoint Inc. said Wednesday it will buy CareMore, a California company that offers coverage in what WellPoint sees as a key growth area: Medicare Advantage plans. Terms of the deal were not disclosed.

The New York Times reported that the Indianapolis insurer will pay about $800 million for CareMore, but WellPoint spokeswoman Kristin Binns declined to comment on the price or how the deal will be financed.

CareMore, based in Cerritos, Calif., is owned by the private equity firm CCMP. It provides coverage and coordinated care for about 54,000 people in California, Arizona and Nevada. Most of its customers have several chronic conditions, and the company helps manage and coordinate care for patients who take many prescriptions and see several specialists, Binns said.

CareMore runs 26 clinics staffed with doctors, physical therapists and case managers, among other health care professionals.

WellPoint runs Blue Cross Blue Shield plans in 14 states and is the largest health insurer based on membership. It has about 1.3 million Medicare Advantage and Medicare supplement customers.

Medicare Advantage plans are privately run versions of the government's Medicare program, which provides health coverage for the elderly and disabled. Subsidized by the government, the plans offer basic Medicare coverage topped with extras like vision or dental coverage or premiums lower than standard Medicare rates.

Chairwoman and CEO Angela Braly said in a statement the Medicare market is "particularly significant" to WellPoint's growth strategy. She noted that more than 1 million Baby Boomers will become eligible for Medicare every year until 2030 across WellPoint's states.

WellPoint expects to close the deal by year-end. It said CareMore will be neutral to earnings next year but will start helping beyond that.

WellPoint leaders have said recently that they would like to continue to grow the company through mergers and acquisitions. WellPoint and other companies have been able to pile up cash thanks to strong performances in recent quarters and lower-than-expected care use, so analysts expect them to explore deals.

Company shares fell 39 cents to $75.54 in late morning trading.

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