Insurer WellCare's 3Q profit more than doubles

The Associated Press

WellCare Health Plans Inc. said Wednesday its third quarter net income more than doubled as Medicare prescription drug premiums boosted revenue and the insurer again raised its 2011 earnings forecast.

The Tampa, Fla., company earned $88.3 million, or $2.03 per share, in the three months that ended Sept. 30. That compares with earnings of $42.9 million, or $1 per share, in last year's quarter.

Stripping out one-time costs, WellCare said it earned $2.15 per share in the third quarter.

Revenue climbed 11 percent to $1.54 billion.

The performance trumped Wall Street expectations. Analysts surveyed by FactSet expected, on average, earnings of $1.31 per share on about $1.5 billion in revenue.

WellCare provides managed care for government-sponsored health plans like Medicare and Medicaid. Its enrollment grew 10 percent to 2.4 million people, compared with the same quarter last year.

Enrollment in Medicare prescription drug coverage climbed 28 percent to 967,000 people, as premiums from that segment grew 33 percent. But enrollment in Medicaid plans, the federal-state program that covers the needy and disabled people, fell 1 percent to 1.3 million people.

Medical benefits paid rose 4 percent to about $1.2 billion. Selling, general and administrative expenses also jumped 25 percent to $178.4 million.

WellCare said that expense was affected by the start of its Kentucky Medicaid program and an earlier start to the annual open enrollment period for Medicare Advantage plans, which are privately run versions of the government's Medicare program.

The insurer now expects 2011 adjusted earnings to range between about $5.55 and $5.65 per share, up from its previous guidance of about $4.60 to $4.80 per share. Analysts expect $4.81 per share.

Other health insurers like WellPoint Inc. and Cigna. Corp. have recently raised their 2011 earnings expectations and said they expect growth in the new year as well.

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