

Aetna 2Q profit rises 2.4 percent

July 29 2014, by Tom Murphy

Aetna's second-quarter profit climbed more than 2 percent, as gains from an acquisition helped the health insurer beat analyst expectations and raise its 2014 earnings forecast again.

The Hartford, Connecticut, company said Tuesday it now expects full-year adjusted earnings to range between \$6.45 and \$6.60 per share, up from its April forecast for earnings of \$6.35 to \$6.55 per share.

Analysts expect, on average, earnings of \$6.50 per share, according to FactSet.

Aetna Inc. is the nation's third-largest health insurer, trailing UnitedHealth Group Inc. and WellPoint Inc. in enrollment. Health insurance is Aetna's main product, but the company also sells dental, group life and disability coverage.

The company said a better performance from its group life and disability business helped grow earnings in the quarter, as did an additional month of results from Medicare and Medicaid coverage provider Coventry Health Care, which Aetna bought for \$6.9 billion in a deal that closed last year.

Overall, Aetna's earnings climbed to \$548.8 million, or \$1.52 per share, from \$536 million, or \$1.49 per share, in the same quarter a year ago.

Earnings, adjusted for non-recurring costs, came to \$1.69 per share. That topped average [analyst expectations](#) of \$1.61 per share, according to

Zacks Investment Research.

Aetna's operating revenue, which excludes investment gains and losses among other items, totaled \$14.5 billion revenue, a 25 percent increase from last year. That also beat Wall Street forecasts.

Analysts expected \$13.97 billion, according to Zacks.

Health care costs, the insurer's biggest expense, rose 29 percent to \$10.31 billion, and Aetna said its tax rate climbed to 41 percent from 37 percent, due mainly to a non-deductible health insurer fee imposed by the health care overhaul, the massive federal law that aims to cover millions of people.

The insurer's enrollment also climbed about 5 percent to top 23 million people.

Aetna shares jumped nearly 5 percent, or \$4.18, to \$89 in premarket trading Tuesday, after it released results. The company's stock had advanced 24 percent, or \$16.23, to \$84.82 since the beginning of the year, as of Monday's close. That more than triples the 7.1 percent growth of the Standard & Poor's 500 index over the same span.

Aetna shares have hit several all-time high prices so far in 2014.

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