

Advertisement



Modern Healthcare

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" link that appears next to any article. Visit modernhealthcare.com/reprints for additional information.

Aetna's profit jumps 17% on lower medical costs

By [Bob Herman](#)

Aetna beat earnings estimates and recorded \$777.5 million of profit in the first quarter this year, prompting the Hartford, Conn.-based health insurer to raise profit predictions for the rest of the year.

Aetna's overall medical-loss ratio declined year over year, from 80.4% to 79.1%. That shows Aetna paid about 79 cents in medical claims for every premium dollar it collected. Utilization of healthcare services did not increase as much as economists have predicted, and Aetna said it was able to build higher profits into its commercial, Medicare and Medicaid health plans.

The \$777.5 million in profit was a 17% increase from the same period last year. Aetna's revenue increased 8% in the quarter to \$15.1 billion. Operating earnings per share totaled \$2.39 in the first quarter and is now expected to be between \$7.20 and \$7.40 for the year, up from the earlier estimate of "at least" \$7 per share, **Aetna CEO Mark Bertolini said in a news release.**

Aetna's profit in 2014

(<http://www.modernhealthcare.com/article/20150203/NEWS/302039967/aetna-closes-2014-with-record-profit-up-6-6-for-the-year>) topped \$2 billion, while revenue exceeded \$58 billion. Executives said they expect to end 2015 with \$62 billion of revenue.

Approximately 23.7 million people have some form of Aetna health coverage, as of March 31. Aetna is the fourth-largest Medicare Advantage insurer in the country with 1.23 million covered seniors, a 12% increase from last year. Medicare supplemental plans, called Medigap plans, increased 17% year over year.

Aetna said almost 19.9 million people had commercial and employer-based health plans, and 4 million of that total were enrolled in high-deductible plans—referred to as "consumer-directed health plans." Roughly 3.5 million members were enrolled in an Aetna high-deductible plan in the prior-year period.

The insurer did not immediately break down the commercial numbers further. Last quarter, Aetna said it expected to have about 800,000 members signed up through the Affordable Care Act's exchanges by the end of the first quarter.

Aetna's record-level earnings and revenue provide further evidence that health insurers continue to win in the ACA era, as the law pushes previously uninsured people into private coverage through exchanges and Medicaid managed care.

UnitedHealth Group reported

(<http://www.modernhealthcare.com/article/20150416/NEWS/304169977/unitedhealth-books-another-profitable-quarter-raises-2015-outlook>) a similarly profitable first-quarter two weeks ago.

Advertisement



Modern Healthcare
BEST PLACES TO WORK 2015

LISTEN TO THE HEART - of - YOUR BUSINESS

REGISTER TODAY

SPONSORED BY
StuderGroup!
A HEALTHCARE SOLUTION

Copyright © 1996-2015 **Crain Communications, Inc.** (<http://www.crain.com/>)