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Centene records strong 2014 as Q4 earnings beat expectations

By [Adam Rubenfire](#) | February 3, 2015

Centene Corp.^[1] saw fourth-quarter earnings more than double from prior year's levels, thanks in part to reimbursements the insurer and specialty-care provider received for the premium tax it and other insurers must pay. **Earnings for all of fiscal 2014 rose 64.2% from the prior year.**

The St. Louis-based company reported \$107 million in net income in the three months ended Dec. 31, compared with \$53 million the prior year. Revenue hit \$4.7 billion, up 61.2% from \$2.9 billion the year before.

Centene surpassed expectations for the year, recording \$271 million in net income on \$16.6 billion in revenue during fiscal 2014, up from \$165 million in earnings on \$10.9 billion the prior year.

Bill Scheffel, Centene's executive vice president and chief financial officer, said in a conference call that quarterly earnings benefited from reimbursement for the health insurer premium tax from the state of Texas, for which the company had recorded full year accrual this past quarter. States and the federal government are helping insurers pay the tax, required under the Patient Protection and Affordable Care Act. The company secured 99% reimbursement of the fee with \$195 million from several states, according to Scheffel.

Expansions into California and New Hampshire, growth in the carrier health business and new revenue from health insurance exchanges led to strong premium and service revenue in the fourth quarter, Scheffel said.

Centene passed 4 million members in 2014 as its membership grew by 41%, or 1.2 million members, CEO Michael Neidorff said. The company also had added 201,000 members in its Medicaid expansion programs by the end of 2014.

Premium and service revenue for fiscal 2015 is expected to be between \$20.3 billion and \$20.8 billion, with diluted earnings per share of \$5.05 to \$5.35, Scheffel said.

Analysts at Barclays called fiscal 2014 one of the strongest years in Centene's history.

"Centene has been more successful in winning new contracts than any of its peers. This quarter is no exception with a myriad of program starts in recent months and two contracts wins in the fourth quarter," the Barclays report said, referring to contract agreements to serve aging, blind and disabled Medicaid beneficiaries in Indiana and provide behavioral health services in Arizona.

The company also made a small investment during the fourth quarter in The Practice, a primary-care provider in the United Kingdom, Neidorff said during the conference call.

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