

Cash infusion healing Carolina Care Plan

By JIM DuPLESSIS

The Carolina Care Plan office in Columbia has fewer employees than a year ago when Medical Mutual of Ohio bought the Columbia-based health insurer, but its mere survival is testimony to the curative powers of cash.

Kent Clapp, chief executive of Cleveland-based Medical Mutual, said Carolina Care Plan was broke when it bought the company in May 2007. The price it paid for the company was not disclosed, but it poured \$20 million in cash to shore up its reserves to cover claims, he said.

Carolina Care no longer is losing money, and Clapp expects it to grow to become a viable alternative to the state's dominant health insurer, BlueCross BlueShield of South Carolina.

"I do not believe we'll be No. 1 in South Carolina, but to be a strong No. 2 is our goal," Clapp said Monday in Columbia.

The office at 201 Executive Center Drive had about 130 employees before the buyout. It now has about 92 workers and plans to add about 40 more this year for a data-processing operation.

Medical Mutual also has expanded its presence in South Carolina through its purchase in April of Premier Health Systems (PHS), a Columbia-based preferred provider previously owned by Sisters of Charity Providence Hospitals and Palmetto Health. The organization has 22 employees and about 55,000 members.

Carolina Care was founded in 1984 as Physicians Health Plan and was the state's largest health maintenance organization in 2001 with 112,000 members.

The number of members covered by the plan fell from 65,000 in January 2007 to 54,500 before Medical Mutual bought the company. Since then, it has stopped losing members and now has about 55,000, said Carson N. Meehan, who returned to Carolina Care last June as president. He worked for the company from about 1995 to 2001.

Meehan hopes to have 60,000 members by the end of this year and add about 10,000 more in 2009.

The company now is generating about \$200,000 a year in premiums, but Clapp's goal is for it to generate about \$500 million within four years.