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## Coventry Health Care, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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Yes thank you. The question-and-answer session will be conducted electronically. [Operator Instructions]. And we will take our first question Josh Raskin with Lehman Brothers.

**Josh Raskin - Lehman Brothers**

Good morning. Two questions for you; one, on the MLR on the Medicare, you said the Medicare Advantage sort of came in, I think you said a little bit higher than you were expecting in June, the updates a month ago. So, I am not sure I heard what the driver was for that.

And then your second question, Dale said that you guys got do better a job and retention of large group commercial; just curious what that means? What sort of initiatives then, is it really that bad to see some of these large groups Dale?

**Shawn M. Guertin - Executive Vice President and Chief Financial Officer**

I'll take the first one, and I'll let Dale do the second one. Josh as you'd suspect given earlier events, we are doing everything in our power to pay private fee-for-service claims as promptly as we can. And to no surprise our customer service organization is succeeding at this and so the average cycle time is decreasing steadily.

When cycle times are decreasing, most IBNR models tend to over project incurred claims for a period until cycle times stabilize. And given where we've been on private fee-for-service, we've just let this be, even though we can clearly see we are clearly decreasing claim payment cycle time.

**Josh Raskin - Lehman Brothers**

Okay. It's all of the private fee-for- service.

**Shawn M. Guertin - Executive Vice President and Chief Financial Officer**

Yeah, absolutely 100%.

**Josh Raskin - Lehman Brothers**

Okay thanks.

**Dale B. Wolf - Chief Executive Officer**

Josh, on the second one, there is a million stories like in most of these, but let me tick a few of them off. Obviously, there are number of reasons and by the way, when we talk about large group, let's put

this in context right, large group for us is anything other than small group and small group is 1 to 50. So there are wide range of customer levels within what we call a large group.

But there are some dynamics there that won't surprise you and that are seen across the industry. Less so right now, but certainly over the past two years, one of the dynamics has been consolidation of carriers. And we've certainly and notably in the last couple Januarys lost a number of pieces of business to that consolidation, whether it be most of the time on a self-funded basis, but occasionally we have an ensured piece that ends up going self-funded with the national consolidation.

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