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Medco Health Solutions, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Larry Marsh – Lehman Brothers.

Larry Marsh – Lehman Brothers

My question is on the new names and that new business, Dave a good numbers you are presenting to us. I just wanted to confirm you have taken up the net new, I guess, up \$600 million for '08 from April and you called that a large account win. Is there one in particular we need to be aware of or is that a combination of things?

David Snow

There is more than one, but we're not really giving you information about whom at this time.

Larry Marsh – Lehman Brothers

Okay and then along with that you're presenting preliminary information for '09. I sort of go back and reflect on your initial view of '08, obviously you've exceeded that pretty handily. It seems like the new names is about \$2.5 billion more than what you originally suggested back in July of last year. When we think about that for '09 was there something unusual about '08 that should keep us from thinking that you're being again conservative for '09? And, just remind us where all this new business is coming from.

David Snow

Really all of our business groups are doing extremely well. Our health plan group is having particular strength for the 2009 selling season. I would tell you that the success in our net new sales is always dependent on who is out to bid and the numbers that are out to bid changes in any given year. In fact, there were some people who came out to bid in 2009 that were not on our radar when we first talked about it, so we were very pleasantly surprised. I would also add that the value proposition we're creating through the initiatives, we've talked about many times clinically, as well as our increasingly small service model are driving additional wins.

I think that we're giving you our best information about 2009 and the 2009 selling season, but again, there are still other opportunities out in 2009, we're simply telling you where we are to date. It does not mean the 2009 selling season is over.

Larry Marsh – Lehman Brothers

I am assuming Blue Cross of Michigan, I had it down as an end of '08 renewal, so I wouldn't assume that that would be priced anything unusual, but obviously that's part of '09.

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