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## Coventry Health Care, Inc. Guidance Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Josh Raskin - Lehman Brothers.

#### Josh Raskin - Lehman Brothers

On the sources of the cost drivers, the outpatient utilization and then the inpatient unit costs, I'm just curious you said you have lower visibility in the first quarter on that. What's the claims lag and do you not have hospitals? Because it feels like in the past you knew about the big cases that were coming on.

#### Dale B. Wolf

The latter one, Josh, is part of what has made this difficult. We actually do track large cases and where we're seeing these high dollar cases is in a quarter of claims between 50,000 and \$150,000 paid. We typically track jumbo claims higher than that. And that's our typical process.

And actually, the odd thing about this is those jumbo claims certainly aren't trending as this one cohort is. This one cohort we are seeing just much higher claim level. So it did not show up in the true jumbo claims? It was a level down, if you will. And again just the normal claims cycling you didn't see all that.

#### Josh Raskin - Lehman Brothers

So it was just below the big, big problem issue, that you look at. Second question, just why are the hospitals, just commentary from a lot of the hospital companies, they're just not seeing these volumes in the second quarter. So, it sounds like they're not talking about higher acuity cases. Again, I'm curious how you reconcile that.

#### Dale B. Wolf

Well, I can't fully reconcile the acuity. I can certainly reconcile the volume because we're not seeing a volume problem at all. The days, in-patient days are very consistent with our expectations, and frankly consistent with prior years. So from a pure volume standpoint, I think those do reconcile. But I can't, I just, I can't fully reconcile, if you believe there's a general belief that there was not some acuity spike broadly, why we've seen that. But that type of commentary would be the first time that the hospital said something and we experienced something different. But I just wanted to be clear; we are not seeing a utilization problem on inpatient.

**Josh Raskin - Lehman Brothers**

Medicare obviously, the bids were due part in the filings, can you just remind us, just the timing, did you have the ability to change your benefit guides and your counties and all that stuff? Did you file for any of that or was this uncovered in the last week and a half here?

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