Medco Health Solutions Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Tom Gallucci with Merrill Lynch

Tom Gallucci-Merrill Lynch

Good morning, thanks for all the color. Just one clarification and then a question, Dave you had mentioned sort of the relative profitability, I think, of Protonix versus Plavix and I just wanted to make sure I got that straight. Can you review that again?

David Snow, Jr.

Yes, Plavix in its contribution in the first quarter of ’07 versus the other in the first quarter of 2008 is, the 2007 contribution is six times more valuable.

Tom Gallucci-Merrill Lynch

Okay, all right great. Then I was wondering on generic substitution or penetration, obviously it’s up a lot, there are a few new generics out there. I was curious if you have the break down or if you can anecdotally go through ? is generic penetration rising within drugs that already have a generic available or is the bulk of that 5% increase due to new generics? So, is it a combination or is it mostly just the new ones?

David Snow, Jr.

It’s absolutely a combination. There is no question in my mind that peoples comfort with generic options is growing, that’s both patients as well as physicians. I also think, and I’ve mentioned this before, I really do believe as we move to an economy that may be in a recession people tend to be more sensitive to the price and they move to generics, which is great for us.

Tom Gallucci-Merrill Lynch

Then final one, I think Rich you mentioned something about maybe OTC opportunities, if you could expand on that, and that will be all for me, thank you.

Richard Rubino

Sure, I think if you look at the horizon over the next several years you can see where the OTC opportunities will be stemming from, and it could down the road become an important strategy for

Medco as certain classes ultimately become subject to more over the counter penetration, and we believe that from Medco's perspective we are uniquely positioned to take advantage of that OTC pipeline. So, I think it's at a good point now with regard to the OTCs, as well as the PolyMedica diabetic supplies, since they're new on board for the full quarter this year, to start pointing that out, so we can disclose in a transparent manner the growth going forward for these two area's.