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Community Health Systems Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions)

Your first question is from the line of Ken Weakley with Credit Suisse.

Ken Weakley - Credit Suisse

Thanks and good morning everyone. I was just curious on your pricing stats obviously look pretty strong. Can you give us a sense of either what you have done differently or what's changing volume, the pricing, I think it was above 6%, may be above 7% for adjusted admissions. So where is that great pricing coming from given the surgical volume fall off?

Larry Cash

Well, the 6.3% for the quarter, it's actually 5.5% year-to-date, so just a little bit above what year-to-date will be. As the admissions dropped, what usually happens, its less than 10 submissions

Ken Weakley - Credit Suisse

Okay.

Larry Cash

And especially in the commercial side of the business. Plus if you look at our volume growth, we did have a flat growth on the non-government, non self-pay admissions, which is your best profitability perspectives clear to self-pay but hard that component of revenue. And I think is the fact with the 3% volume growth activity. The surgeries were down 1.2% but actually the better and what the big volume year-to-date and some of the surgical growth was in some outpatient surgeries centers that products usually don't take out the highest business. We continue to have a very good job on the outpatient revenue growth, so it was over 9% versus year-to-date at 8%, and that's for both companies. So, I think the outpatient growth, while the admissions were not as strong, we did have pretty good adjust admissions in outpatient growth.

Ken Weakley - Credit Suisse

Larry, given an opinion on the impact of the, I would say very dusty DRGs for pricing or profitabilities, I am sure, can you forecast, but what specifically do you think needs some choosing?

Larry Cash

Overall, I think the Medicare increased to be around 2%, I know there are few people that think to be less than that, but one of good values of the Triad, they will have about two-thirds of the hospitals to be urban and a third, non-urban, we were -- ours is probably a third, and non-urban a two-thirds. So that happens in that perspective. We've got the [0.6] behavior adjusted which led to work to sort of offset, but I think all in, we should do about a 2% price increase which, its been a little bit higher in previous quarters, but its managed for, and I think that's still to enter our revenue guidance for 5% to 6% for 2008.

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