

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Tenet Healthcare Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from Adam Feinstein of Barclays Capital.

Adam Feinstein - Barclays Capital

Morning, everyone.

Stephen Newman

Morning, Adam.

Trevor Fetter

Morning.

Adam Feinstein - Barclays Capital

Just, I guess the key issue here today is really with the commercial mix and just the volume issues there. Just curious, I mean what was your expectation, you know, because if you look back over the last several quarters, the decline wasn't that much different. I mean, it was 3.7 in Q1 2.2 in the second quarter. So, just curious as you think about your own expectations in the commercial managed care. And then, I'm just curious to know what's embedded in the guidance for the remainder of an year. Are you assuming things get worse there, stay the same? So just one should better understand how different the quarter was from what you guys were looking for.

Biggs Porter

Okay. This is Biggs. I'll answer first and if Steve has anything and he wants to add, he can do that. In terms of the trends that we'd experienced, if you go back to 2007, we have been closing the gap on commercial volume losses and just about hit the break even point on it in the third quarter and then at the end of the year it retreated some and first quarter retreated some.

But then the second quarter got better, and we projected a continuing improving trend on it. That trend would have been driven by PRP initiatives, TGI physician recruitment, the non payer strategies, everything that we're doing to drive commercial trends, so our expectation was that we had declining commercial losses fist quarter to second quarter.

We had made improvement last year and accreted some but we had improved trends going to second quarter and that all of the things we were doing would drive us to further moderation and growth as we went through the rest of this year. So in terms of expectation, generally speaking, it was that as we had volume growth in the second half of the year, it would be on a relatively even mix compared to last year, which would mean that if we had volume growth overall, we would have volume growth in commercial.

Once again it's based upon all the individual value drivers that we look at as opposed to just looking at the aggregate trends, but the aggregate trends also showed that maybe we're heading the right direction in the second quarter. In terms of the fourth quarter, the range that we have out there certainly at the low end would provide for further decline along the lines, possibly even at a lower level than or worse if you will than what we experienced in the third quarter and the upper end of the range with somewhat of a moderation but not necessarily a constant mix or significant growth.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.