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## Coventry Health Care, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Our first question comes from the line of Thomas Carroll with Stifel Nicolaus.

#### Thomas Carroll – Stifel Nicolaus

Just a quick question on your comments regarding the network expansion dollars that you are going to be spending, you mentioned that they might be a little less. I was wondering if you could give us some order of magnitude as to how much less, and then more importantly, does that suggest some kind of change in Medicare strategy, maybe shrinking the footprint a little bit going into the 2010 bids?

#### Allen Wise

We have preliminarily, and I think that decision was even before my arrival, decided to step back and take a closer look at the 40 some million dollars spend and at the very least be more strategic about it in terms of where we do that. My guess is it will be considerably less than the 45, and I don't know what that number means other than considerably less, and far more strategic than maybe was anticipated at sometime in the past. As Shawn indicated, we have some important decisions to make in that arena on how to proceed from this point forward, and we are in the middle of that decision process now and obviously needs to be done here in 45 days or something like that, and we will be in a much better position to stop it at that at the end of Q1.

#### Operator

We will go next to John Rex with JP Morgan

#### John Rex – JP Morgan

Allen, the way you used to describe philosophically your approach to the business that you wanted your revenue stream to essentially match the general healthcare spend in the country. Is that kind of still philosophically how you are focused, with Medicare being about 50% of premium revenues in 2009 and obviously heavier weight than you looked at, is there anything over the last couple of years that would have changed your approach to that and how you want the company to look?

#### Allen Wise

My approach has always been, and I am really dated here in trying desperately to get up the speed with my approach, if you think about the historical folks of the company, which was small and mid-size insured business, I think that the strong point of the company because we knew the 20 things or 22

things that were necessary to do very well to succeed in that business. As we had an abundance of success in growing revenues here on all fronts from especially businesses to a huge increase in government programs, Medicare, I think that we really ended up with more on our plate here at sometime, this is my opinion only, than we had the ability to manage well. We had so much going on at the same time that we departed from the incredible focus, by necessity. We still had the same sized companies and same group of people for the most part. We departed from the things that made us successful for a decade in terms of increasing earnings and being able to predict where we were going.

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