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WellPoint, Inc., Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question comes from the line of Josh Raskin from Barclays Capital. Please go ahead.

Joshua Raskin - Barclays Capital

Hi, thanks. Good morning. Question is really the high deductible health plans, I guess in this new world that we are speaking about. Can you give us some statistics around what is the average deductible for your membership in '09 versus '08? And how many members are in? Plans with I do not know pick a number its \$500 or \$1000 deductible?

Angela Braly

Josh, thanks for that question we know that the consumer directed health plans and these high deductible plans have been very popular. And you are seeing more of the seasonality in our results, you will see through the year, because of these consumer-directed plans and high deductibles.

I am going to turn it over to Ken to talk a little bit about what we are seeing in the market place, Ken?

Ken Goulet

Yeah. First, Josh as you stated, there is a lot more popularity. Our CDHP membership was up 242,000 in the first quarter of 2009, or 14% and it brought our overall CDHP membership to 2 million members.

We are seeing high deductible plans on, both the CDHP plans and on our general programs. Our PPO products have much higher deductibles across the board. And as buy downs occur amongst our membership, many of the buy downs are in the deductible areas.

The average, and I do not have the specifics with me, and we would need to get back to you. But the average deductibles of many of our small group plans are well over \$1,000 now. And it has changed significantly in the last couple of years, which is what impacts the seasonality of our program.

Joshua Raskin - Barclays Capital

Okay, I guess may be let me try to ask you different way. The seasonality that we are seeing in terms of your guidance now this year is sort of unprecedented and massively different than anything we have seen since after went public in '01 or WellPoint even back of the early 90s.

So the question is, this really wasn't mentioned previously, it didn't come up at the Investor Day in February 24th. And while we clearly missed this trend, we are just trying to size it. And if you are telling me that consumer-directed health plan membership was up 14%, and that's 200,000, why is that? I just cant understand how that the a 350 basis point impact on the MLR.

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