

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.

Laboratory Corporation of America Holdings. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Ralph Giccobbe - Credit Suisse.

Ralph Giccobbe – Credit Suisse

Good morning. Just a couple of things here. One, I don't know if I missed it, did you guys give an impact for sort of one less day due to leap year?

David King

Ralph, it's Dave. The number of business days from the first quarter of this year and the first quarter of last year was the same, because of the way the calendar fell.

Ralph Giccobbe – Credit Suisse

Easter shift?

David King

Well, no. The one fewer day from leap year will actually be seen in the third quarter of this year and we talked about it a good bit last year, but it's just the way that the calendar falls. That's where the extra revenue day fell.

Ralph Giccobbe – Credit Suisse

And then I guess, staying on volume, just given the kind of tough comp in sort of the first quarter, just around drugs-of-abuse testing. I would think that comp should ease as we move through the year, is that not the way to look at it or how should we think about that?

David King

I think you are correct that the comp will start to annualize, because as Bill pointed out, it was a 7% decline in the second quarter of 2008 versus '07. So we are starting off a lower base. The only caution I would give there is, we saw 15.9% in the fourth quarter and then it was 20% in the first quarter and that was off a reduced base from the first quarter of 2008. So, it's hard to predict when we would see the absolute bottom of it, but I agree with you that it will moderate over time because of the way that the volumes declined last year.

Ralph Giccobbe – Credit Suisse

Then just on the pricing side, on the organic sort of 3.2% growth and I think it sort of matched the fourth quarter, but this quarter sort of we saw the Medicare price bump come in. So we would have thought maybe a little bit higher is there anything we should be thinking about in that line item whether it's adverse mix shift or something on the pricing side as a reason why we didn't see that sort of pick up sequentially?

Brad Hayes

Hi Ralph, this is Brad. I think if you look payer by payer in our 8-K, you will see it up where you would be expect it to be up. It's hard to deny that the decline in patient volume has a negative impact on the total pricing dynamic in terms payer mix shift.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.