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Express Scripts, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of John Kreger please go ahead of William Blair.

John Kreger – William Blair

Hi thanks very much. George and Jeff, if you're willing to, could you just talk a bit more about your expectations for NextRx and once that deal is closed and maybe elaborate a bit on where you think the synergies are going to come from?

George Paz

I will take a shy at this and then Jeff you should feel free to try in then. You know, we are, as I think we talked about when we announced the transaction. This transaction is not similar to or different from other acquisitions that we've done in the past and that there is a two-pronged approach here. One is the new contract to provide PBM services.

Two, to WellPoint that creates value for both entities and then in addition to that there is typical synergies that are created such as benefits cost leverage applying, you know our approach to driving generics mail order step therapy prior authorization, specialty drugs, all those things come together to help improve the economics as well. You know as we said earlier we are very early into this, this is only little over two weeks since we announced and I think what we like to do is leave any discussion about specifics until the point at which time we actually close the deal, get in, get deeper and come up with more formidable guidance for 2010.

John Kreger – William Blair

Fair enough. And a follow on then, realizing that now specialty is part of your core PBM, can you – do you have enough visibility to just give us a sense about how that business is doing? The strong improvement that you were seeing at the tail end of last year, are you seeing that continue here in 2009?

Jeff Hall

Pretty jumped in here, but you know just to make sure everyone is clear, you know when we go to our final presentation, specialty is a very important component of the overall PBM sales. It is the fastest-growing piece of the healthcare cost trend. You know we talked earlier about having a record

all-time low of drug trends in our book of business and we have achieved that while experiencing double-digit growth in the specialty drugs.

So, you know this is becoming a hotter and hotter issue, five years ago, you know we had to go in and talk to our client sponsors about specialty, today an RFP doesn't come out where specialty is on a very important component of that RFP. So as times evolve here, our account management teams, our sales people, our clinicians, everyone at the PBM has had become very fluid, conversant in the area of specialty drugs and understand the impacts that doesn't mean we don't have specialists by disease state that administer the programs and understand the quality of care and the expertise that goes along with providing for these high-touch very expensive drug programs.

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