Health Care Industry Earnings Call Transcripts Report

Keywords: pricing, affordable care act, Affordable Care Act, ACA, Obamacare

From AbbVie's (ABBV) CEO Richard Gonzalez on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 18:46:07

Thank you. Rick, a couple questions. My first question is more sort of a broad industry question, and maybe you can talk about what you're seeing from your perspective. Obviously, there is tremendous concern in the marketplace about structural change to pricing. We saw McKesson highlight significant moderation in price increases next year, which caused them to lower their guidance. Novo significantly lowered their expectations. Amgen talked about TNF pricing basically going away. From your vantage point, what are you seeing, and maybe you can share with us changes that we should anticipate in our models with respect to net pricing for HUMIRA in the U.S. going forward?

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And so what I'd say as we look at our planning process, just as we have in previous years, we tend to plan conservatively when it comes to price and then evaluate the market environment at the time that we ultimately get close to that period of time and make a decision around what is the appropriate pricing strategy. And our guidance in 2017 and our long-range plan are both reflective of that philosophy. That philosophy hasn't changed.

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Oh, good morning. Thanks very much for taking my question. Just want to ask you, Rick, just to comment on a couple of things said by Amgen yesterday. So they have an expectation for flat net pricing for their TNF in 2017. Do you have a similar expectation built into your guidance for 2017 for HUMIRA? I wonder if you can give us a bit more color on that. And then beyond 2017, do you already anticipate that that flat net pricing in the U.S., if that's what you consider for 2017, actually becomes negative maybe in 2018, 2019? Just wondering what you've considered in your midterm plan.

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Great. Thanks very much. Just two quick ones here. First, Rick, just to clarify that comment you made on HUMIRA net pricing for 2017. I know you don't talk a lot about price, but just to make sure I heard that right, did you say minimal to no change in net price? Is that basically implying you're not seeing net price up in 2017, or is that referring to the kind of realized price increase? I just wanted to make sure I heard that one right. The second one was just talking about formulary dynamics. I think some payers have talked about wanting to move to more indication-based pricing and have talked specifically about the TNF category. Just interested in your thoughts on that, and is that anything we should be seeing from you either in 2017 or 2018 as you're going through these formulary discussions? Thanks very much.

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As far as indication-based pricing, I mean, I think that's a phenomenon that originally started in the area of oncology, where you could have an oncolytic agent that had very different activity or efficacy in one type of cancer versus another, and is the value proposition the same? If you look at HUMIRA typically across the areas that we compete, HUMIRA is typically the gold standard in most of the areas that we compete in. I'd say generally speaking we have seen some interest in indication-based pricing and potentially doing that. That's not something that, as I said, I think fits well for HUMIRA because of its broad applicability and its level of performance across the range of indications that it has. But it's certainly something that has been of interest. I don't see that as a fundamental issue in the contracting that we've seen go forward for 2017 and 2018, at least for HUMIRA.

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So you look at major markets across Europe, we've got market growing in the low teens, no changes there. And if you look at HUMIRA share, very, very minimal change year over year. Biosimilar Remicade has not had a major impact on the brand in any way whatsoever. And Enbrel, as we had told you at the beginning of the year, we anticipated a 2 to 3 percentage growth impact, but that was more or less based on the pricing that we expected the biosimilar to come in at. So the biosimilars have been performing very much in line with our expectations.

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Great. Great, thanks so much for taking my questions. So two questions I have. So one on HUMIRA. You've talked obviously kind of how you see things relative to the longer-term guidance you gave last year. I just had a question more on the longer term, because I think there's been a lot of expectation that once there is biosimilar HUMIRA available in the U.S., because of some of the relationships you have with the PBMs, that the erosion of HUMIRA may be relatively slow. I'm wondering if any of this sort of rhetoric and discussion around drug pricing and transparency around drug pricing, does that change your view on the tail for HUMIRA after we have biosimilar entry, whatever year that entry actually occurs in the U.S.?

From Aetna (AET) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 18:19:22

From an operating margin perspective, our portfolio of businesses is performing quite well. Our pre-tax operating margin was 8.5%, a very strong result and consistent with our target operating margin range. Our third quarter Total Health medical benefit ratio was 82%, a good result overall but one that continues to be impacted by the performance of our ACA compliant Small Group and Individual products. Our adjusted operating expense ratio was 17.6%, a 100 basis point improvement over the third quarter of 2015. This year-over-year improvement speaks to our disciplined focus on managing our operating cost as we continue to grow our top-line. From a balance sheet perspective, we remain confident in the adequacy of our reserves. We experienced favorable prior-period reserve development in the quarter across all of our core products, primarily attributable to second-quarter dates of service. Our reserve growth exceeded our premium growth and days claims payable were 57 days at the end of the quarter, a sequential increase of about one day and a year-over-year increase of almost three days.

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I will now discuss the key drivers of our third quarter performance in greater detail. Beginning with our commercial fee-based business, which continues to perform well, we added 117,000 ASC members in the quarter driven by several new public and labor customers. This added membership, combined with fee yields, drove solid year-over-year fee revenue growth of 4%. Pre-tax operating margins also remained healthy continuing the trend from the first half of the year. In our Commercial Insured business, our membership declined by roughly 70,000 members in the quarter, primarily the result of attrition in our Individual and Small Group membership, directionally consistent with our expectations. Our Commercial medical benefit ratio was 83.8% for the quarter. This result reflects the continuation of medical cost pressure in our ACA compliant Individual and Small Group products.

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Let me spend a few moments quantifying the impact of our ACA compliant products in more detail. Beginning with our Individual products, our third quarter Commercial MBR reflects ongoing challenges with these products, as well as an increase in the premium deficiency reserve to $85 million from $65 million at the end of the second quarter. Based on our third quarter results, our full-year pre-tax operating loss in our Individual Commercial products is now projected to be approximately $350 million, further validating our decision to reduce our 2017 exposure to these products.

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Moving onto our ACA compliant Small Group insured products. Our underwriting results in the third quarter were pressured by the previously disclosed higher morbidity of this population combined with our updated estimate of 2016 risk adjustment payables which further pressured our Commercial MBR in the quarter.

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While our ACA compliant products continue to weigh on 2016 results, we are confident that our strategic decision to reduce our footprint will reduce our financial exposure to these products in 2017. Based on year-to-date results, the majority of our Group Commercial products are performing largely consistent with our expectation for moderately increasing medical trend. As a result, we continue to project that our 2016 non-ACA core Commercial medical cost trends will be in the 6% to 7% range.

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Based on our year-to-date performance, we are refining our 2016 operating earnings per share guidance to a range of $7.95 to $8.05 per share. This reflects continued strong performance in our Government business and continued focus on operating costs offset by our updated margin projections for our ACA compliant products. Our updated 2016 guidance also reflects our year-end membership projection of approximately 23 million members, with ACA compliant Small Group and Individual membership attrition projected to be the largest driver of membership movement in the fourth quarter. The balance of our 2016 guidance metrics remain unchanged and can be found on our guidance summary.

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While we are still early in the forecasting process, we see a number of challenges in 2017. From an operating revenue perspective, these include the previously disclosed reduction in our individual public exchange footprint, the projected impact of the suspension of the health insurer fee, the projected impact of known Medicaid contract losses, and the projected impact of our continued strategy to improved margins in our Small Group ACA products. We project these top-line challenges will pressure our ability to grow operating revenue in 2017. However, we believe the Humana acquisition has the potential to mitigate these top-line challenges.

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We also see opportunities in 2017, including the projection for continued above-industry growth in our Individual Medicare Advantage products driven by our industry-leading stars position, the projection that our reduced Individual public exchange footprint will improve the financial performance of these products in 2017 as compared to 2016 and the projection for year-over-year improvement in the financial performance of our Small Group ACA products.

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Yeah. So on SG&A, obviously in a traditional sense, leverage will be more challenged than it certainly has been the last few years. We certainly made good progress over the last two years not only on leverage, but in overall productivity gains within our SG&A. Obviously losing some of the Medicaid contracts, exiting these exchange markets, the level of SG&A activity to sort of right-size our business in proportion to that is something that's a key part of next year. On the health insurer fee, in concept you're correct. It turned out a little – we're probably a little bit closer on 2016 than your $0.10, so I'm not sure that's as big a pickup. Obviously we are going to have to start recovering the 2018 in our 2017 pricing just like we had to do back in 2013 and 2014. And we will be following, as of right now, the same process that we used in 2013 to begin to recover the 2014 HIF.

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Yes. Hi. Thank you. Good morning. On the Small Group business, would you be able to do any similar sizing of that business as you've done on the Individual side? I don't know whether you can break that out between, if it matters, between ACA compliant and non-ACA compliant. And maybe give us some sense of how much attrition you might be expecting going into next year.

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Just in terms of sizing, that business is about 55%, I think, ACA right now. And that's a little bit higher than I think we were a year ago but not a lot. On overall Small Group, this is another one that's difficult to project. On the non-ACA business, a lot of that is renewing in December, so we need to see how that plays out. There's a large concentration of business there, but it is a little bit difficult at this point to estimate what's going to happen with the Small Group ACA block. And as Mark mentioned, that's something we're kind of actively working through right now.

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Hi, there. One for each of you. First of all, when you guys announced that you were exiting a lot of your ACA on-exchange business, you'd indicated that you were seeing off-exchange. Is that still the case for a lot of those counties? And what's to stop adverse selection with your and others exiting on-exchange on the off-exchange business? And that's probably for Shawn. And then – or

Mark. And then, Mark, do you have any idea of how we could fix the ACA? What do you need to see to get back it?

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Hi. Just wondered if you could maybe give us five enrollment numbers. And then I had a clarification too. But on the enrollment, if you could just run us through – I'm sorry, ACA compliant on- and off-exchange, Individual, non-compliant Individual, and then same for Small Group, compliant and non-compliant?

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Okay. So virtually all of our Individual business is ACA compliant. In the third quarter, we have about 775,000 members on-exchange and about 270,000 off-exchange. In terms of Small Group, we have about 1 million risk members total in Small Group and about 550,000 of those are a Small Group ACA.

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Thanks. Just wanted to stick on Small Group for a second and can you also just sort of walk us through where you estimate the Small Group margins are now going to trend for 2016 and if you can break that out between off and/or ACA compliant and not, that would be great. And then just the follow-up would just be around the pricing environment for Small Group for next year and how competitive you see it for next year or not, and sort of, the potential to push up the margins in the context of the pricing for next year?

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If you thought about our Small Group business, you should really think about it in three blocks, if you will. There is the 51 to 100 business that is not subject to ACA. Margin wise, that business is fine, at target margins, maybe even a hair better. We also have the 2 to 50 that is to keep what you have that is not in the ACA yet. That business is performing fine. So the only one that is off is the Small Group ACA business and that business is probably running a modest pre-tax loss for 2016. I would say low single-digits is the way that looks right now. The pricing question is a difficult one to answer in the sense that if you're dealing with selection issues as we saw this year, the traditional pricing lever that works in stable environments doesn't always have the desired effect. So I would say at a high level, the pricing environment has been fine. But I think the issues with the Small Group ACA block require things other than pricing in order to potentially improve the outcome there.

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So, I would just comment that we continue to see a deterioration in the risk pool for Small Group ACA and although that – there's been a lot of struggles in this segment, we are seeing sort of the better risk looking at alternatives. So we are offering alternative product funds. (41:51) We also are seeing that book move to PEOs and the good news is, we have products in both of those areas to offer those Small Group ACA clients.

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It is operating very similar to the Individual ACA book, and it is in certain geographies, as I've talked about before, so it's not widespread, so we're seeing it emerge, but I would say that we've got very good targeted strategies to really – you have to really understand all the risk dynamics and we've got very good target strategies to address that, including pricing.

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Okay. And then maybe just last question. Throughout the year, it sounds like the government businesses made up for the fact that there's been pressure on the ACA compliant businesses throughout the year. Are you still able to characterize both Medicaid and Medicare as kind of in your target margin ranges? Would it be fair to say that they're now at the higher end of that range? I guess trying to think about directionally could we expect maybe a reversion in the government book next year or are we right where you would expect?

From Allergan Plc (AGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 17:39:18

In addition to doing the things that make Allergan strong financially, we're also taking bold actions in these turbulent times, when the price of healthcare is in the spotlight. A good example is our Social Contract with Patients. We are leading the way with responsible pricing ideals for our branded therapeutic products, and we are leading the conversation to codify what our social contract means to us. It means balancing investment and innovation with pricing and access, as well as quality and education. The Social Contract is Allergan's commitment to the people who count on us to find new treatments for their most pressing medical needs, and it is good for Allergan. So why are we able to be so bold and adopt a Social Contract? Because it is the right thing to do, and because we have such strong confidence that our business and our R&D pipeline will sustain our future growth.

From Allergan Plc (AGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 17:39:18

Two risks that we managed that would create unpredictability would relate to of course pricing or competitive activity, and there's really been nothing over the past 12 months or anything that I see 2017 or 2018 that would make this business more difficult to predict. If you look at almost three-quarters of our product line, it's at expectations or even exceeding expectations. You look at product launches, they're either at or exceeding expectations generally. Some of these established products, though, which is a smaller part of our business, can be at times a little difficult to predict. But, overall, I think we have a very good handle on what's going to happen in the future.

From Allergan Plc (AGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 17:39:18

Thank you. Brent, how would you characterize the pricing environment now and the outlook for the next couple years? And maybe you could divide your comments between the stuff you missed on the older stuff where price might not be – as a lever, might not be as robustly available as in the past. And so comments on pricing environment now and going toward on sort of the growthy stuff and the non-growthy stuff. And, Tessa, can you put some context around the negative cash flow number in the quarter? Thanks.

From Allergan Plc (AGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 17:39:18

Yeah. Thanks, Gregg. So, look, I mean, I think for us our pricing outlook for 2017 and frankly our early look into 2018 is very stable. We don't see really any significant changes or surprise at this moment. I think, to be fair, for the industry, I think it's going to be a very different situation depending on the product mix of their portfolios. I think – looking at earnings for the companies that have reported before us, many of them have seen less-than-stellar growth in their key promoted products, but they've achieved their results by price increases in their established products. I'm not sure that is sustainable.

From Allergan Plc (AGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 17:39:18

And so, while some may criticize our Social Contract and our pricing discipline, we would have not taken those price increases irregardless of the contact because it's not the right thing to do. And I think it does create additional risk or inappropriate risk for the company. And so I think what you're seeing from Allergan this quarter is the new reality that frankly you'll start to see from everybody else in the industry over time.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 20:37:29

Our customers have responded favorably to these initiatives because they see the value inherent in sourcing all their products from ABC at a fair price. I commend our leadership and our Drug company associates for the challenging work that they have done in these areas. Specifically, I feel ABC has been very transparent, with not only our customers, but our suppliers and our investors about the need to look at different pricing strategies for specialty products in the retail, outpatient and alternate care markets serviced by our core drug wholesale business.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 20:37:29

As Steve mentioned, it was a challenging year in our industry and for ABC with the changing pharmaceutical pricing dynamics that we continue to work through. Overall, we did not finish exactly where we thought we would at the beginning of the year, but we successfully navigated a tough environment. There's a lot to like about our fiscal 2016.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 20:37:29

Our Drug company had a challenging year, with the negative impacts from contract renewals and industry drug pricing headwinds, but the benefit from PharMEDium helped to offset these items. Free cash flow, we had a terrific finish to our fiscal year. We ended at $2.7 billion in free cash flow. Our fourth quarter was much better than previously anticipated due to higher revenues and certain one-time working capital benefits at ABSG, as well as a greater than expected positive impact from ending our year on a Friday, which is our best cash receipts day.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 20:37:29

Adjusted EPS, over the last few months, unpredictability around pharmaceutical pricing has increased; therefore, we are lowering our expected fiscal 2017 EPS growth rate, and also widening the range until such time that we have more clarity on these pharmaceutical pricing dynamics, both brand inflation and the rate of generic drug deflation. Consequently, we expect our fiscal 2017 adjusted EPS to be in the range of $5.63 to $5.88. The growth rate range is now flat to up 5% over our fiscal year 2016 adjusted EPS of $5.62.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 20:37:29

Thanks for the question. Steve, I appreciate your comments on how there are differences between the three wholesalers' mix of customers, but I think many of us have operated under the assumption that the market's very efficient, just given the consolidated nature of the wholesale channel. So just trying to get a little bit more comfort around how more severe pricing commentary from your peers – seemingly more severe pricing commentary from your peers, wouldn't eventually be a reality for everyone in the industry?

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-02 at 20:37:29

Yeah, Steve. Thanks. No, I'd just add something very quickly. I would say – Steve, good morning, and I would say that most of the change in our guidance is related to that brand pricing change, but there's also a small part related to generic. The deflation rate, we guided to 7% to 9% deflation rate, we're probably on – a little bit over that 9% right now. So, as we enter fiscal year 2017, we're starting on the high side, not quite 10%. But, so that's really the two things. Primarily brand and to a lesser extent the generic side.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-02 at 20:37:29

Good morning, Steve and Tim. I wanted to get back to the competitive landscape that's been such a big part of the conversation lately. First, just to be clear, are you maintaining the same pricing structure and strategy for your independents on a like-for-like basis? And secondly, you provided some commentary in the beginning, Steve, but you guys have always prided yourselves on having solid pricing data analytic capabilities. So any insights from the analytic work that you have done to sort of help us reconcile on what the various distributors are saying? Thank you.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-02 at 20:37:29

I think we also have a responsibility here to have balanced pricing to our independent customers. They have a tough time with managed care contracts and making sure that every prescription that they dispense is profitable. And we are sensitive to those discussions or, in terms of being responsive to make sure that they are relevant and competitive in the marketplace as well. So those are the sort of discussions that we think are important. But they're not new. They've been going on for a long time. Any comments?

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-02 at 20:37:29

Our growth rate in independents – when we talked about it, I mean, we're talking about really growing by 1% or 2%, which is really just making sure we get our fair share of wallet with our contracted customers. We feel that we have mutual respect with the customers and we've given them we think fair pricing contracts and in return we should get all their generic compliance. And there has been some, you can call it interlopers in the market, where they come and maybe even slice off some brand products and that makes the generic compliance look better.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-02 at 20:37:29

Thanks very much. Good morning. I just want to go back, Steve, to your comment where you talked about different pricing strategy for specialty, and you have new long-term contracts now in place with a number of your customers. My understanding is that historically, it was a branded bucket, that specialty was included in a generic bucket, and now trying to break out specialty. Can you talk about what the new pricing strategy looks like? And am I correct in thinking that when it was in the branded budget, you were discounting that, similar to branded where maybe it's WAC minus 3%? And what could the new economics look like in the new separation of specialty?

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
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Yeah, thanks for the question. Steve, at the beginning, I apologize – I kind of missed a little bit – my phone was cutting in and out. But you were talking about these buying groups, and then – is it that you were saying that you were – you anniversaried sort of the new pricing that you're seeing in some of these long-term contracts, or was there still some more as you work with the actual members that that still has to filter through? Just to clarify.

From AmerisourceBergen (ABC) Q4 2016 Results - Earnings Call Transcript
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They have had some benefits from some new product launches. Their pricing there is definitely a different environment than the rest of the generic environment that we see. Their market share is very, very good. They work with 2,000 systems. And their biggest opportunity is really to just do more – a bigger share of wallet with their customers, but, their pricing is so differentiated than our overall health system GPO customers that we haven't really looked at integrated offerings. And probably shouldn't really, because it's not – you're sort of mixing apples and oranges. But we are always mindful of, absent the whole Wells Fargo mess, we're always mindful of cross-selling and looking for those synergies with customers. So, appreciate the question on PharMEDium. Thanks.

From Amgen (AMGN) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:13:27

Great. Good afternoon, guys. Thanks for taking the question. I guess this is for Bob, and maybe Tony as well. Just curious as to your views on Prop 61 in California and maybe how concerned you are about this type of movement gaining steam and further shaping the overall pricing landscape. Thanks.

From AmSurg (AMSG) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 01:57:15

Okay. All right. And then the 7.5% same contract growth on the Physician side, I just want to make sure there's no impact there from the consolidation of the JV. And then the pricing piece was up nicely both on a sort of absolute basis and sequentially, so just wondering if there's anything to call out there?

From AmSurg (AMSG) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 01:57:15

We contemplated that (22:29) the model for the merged entity, we actually dialed down the organic growth rates from what we've seen trended over the last two years, recognizing that you had ACA and some other tailwinds in the model there, but we still felt it was a bullish case. And I think, Claire, you can help me with the general growth rates that we baked into the model?

From AmSurg (AMSG) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 01:57:15

(32:10) I think on the surgery center we really saw nothing remarkable in terms of payor mix shift. The trend we're watching on Physician Services is really ACA related, and I think we have some color to that, but nothing that really called out as remarkable for the quarter. I'll see if Claire has additional color there.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Our third quarter operating margin of 6.6% was flat versus the third quarter of 2015. Commercial operating margins during the quarter reflected a lower SG&A ratio due to lower administrative cost resulting from expense efficiency initiatives taken by the company as well as fixed cost leverage on a growing membership base. In addition, our Commercial business experienced the favorable timing impact of lower medical cost experienced in the Local Group business. These increases were offset by higher medical cost experience in our individual ACA compliant product.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Within our individual ACA compliant plans, costs during the third quarter were marginally better than recent expectation, which is reassuring. We continue to experience higher than initially expected costs from members with chronic conditions, as we've discussed with you previously.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Overall, the financial performance in individual ACA compliant products has been disappointing, as membership has been short of our original expectations since its inception. And operating margins have been lower than expected beginning in 2015. We believe we've taken the appropriate actions across our served markets to return to slight profitability in 2017.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
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Clearly, 2017 is a critical year, as we continue to assess the long-term viability of our exchange footprint. We will continue to closely monitor this business, and if we do not see clear evidence of an improving environment and a path towards sustainability in the marketplace, we will likely modify our strategy in 2018. We believe both the pricing and regulatory environment need to be improved to drive toward a sustainable and affordable marketplace over the long term.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
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Now, turning to 2017; we are currently working through our planning process and analyzing the impact of various expected headwinds and tailwinds. Our current view of the tailwinds include, number one, enrollment gains across Medicaid, Medicare, and National and Large Group self-funded businesses. Two, margin improvement due to improving results in our individual ACA compliant plans, the Iowa Medicaid contract, and the impact of the one-year health insurer fee moratorium in 2017. And three, we expect to resume capital deployment activity in 2017. However, the timing and magnitude is dependent on the timing of the pending Cigna acquisition.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Potential headwinds include the return of the 2017 one-time administrative expense cuts that we made in 2016; the impact of lower Local Group enrollment and gross margin pressures as a result of the migration towards ACA compliant product offerings; and finally, we expect to experience continued margin pressure in the Medicaid business, primarily driven by rate actions within the Medicaid expansion population over the next year.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Our plan was to establish a leadership position in the Medicaid market, stabilize our Medicare Advantage platform, and grow individual ACA compliant and ASO enrollment and mitigate the expected pressure in the Local Group fully insured segment.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Switching to Individual, as we've discussed previously, the earnings contribution from the Individual ACA compliant business represents a meaningful headwind to our original targets. The volume shortfall from our previous expectation remains substantial.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

For your reference we laid out a plan to grow Individual ACA compliant enrollment to 3 million members by 2018, using the assumption that the overall Individual marketplace would be approximately 25 million members, in line with CBO estimates.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

In 2016 the overall marketplace was about half of the expected size. It has only grown to roughly 10 million to 11 million members. And subsequently, we have grown our Individual ACA compliant enrollment to approximately 1.4 million members as of the third quarter of 2016. We are closely monitoring the progress of our actions to improve the margin profile of this business toward our low to mid-single digit margin targets of 2018.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

To summarize, we are in the process of updating our long-term growth plan and expect to target improved core earnings growth rates beyond 2017. The Individual ACA compliant headwinds and our enrollment mix discussed previously represent a meaningful challenge to achieving our $14 earnings target at 2018. And we expect to provide additional clarity around our long-term growth prospects after the Cigna transaction process is complete.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Yeah, hi, thanks. Good morning. My question was about the Individual book. You said that there were losses this year, and they continued into the quarter. Sequentially speaking, what were the losses in – that you estimated in second quarter? And have they gone up since then? And why are you expecting that'll improve next year when the reinsurance phases out? Are you getting adequate pricing to do that?

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

In terms of 2017 reinsurance is obviously a very important factor, but it's only one aspect of pricing and one aspect of the overall structure of the program. We've got rate increases that average in excess of 20% across the country. I think there's been studies that have been published that have stated that our rate increases are a little bit higher than the average rate increases. We've made adjustments to product offerings, we've changed networks, we've enhanced product designs. We've done many, many things to improve affordability of the specific product mix.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
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But let me say that we do believe that we are continually focused on improving the pharmacy pricing on behalf of our customers. We expect to issue a new RFP during the year, that's early 2017, to understand the impact of various pharmacy options available to us, as we migrate to potential of a new agreement.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Yes, thank you. Maybe on a slightly different topic. One of your peer companies has talked in considerable length about pressure in this Small Group ACA compliant book. I know you've alluded to that some. Can you just give us an update on how you see that business? Maybe breakdown in size and breakdown your Small Group between what's ACA compliant and what's grandmothered, grandfathered? And how you see that transition happening, working going into next year?

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

The margin aspect of it may be slightly different, slightly lower as the ACA compliant blocks typically have a slightly lower margin compression. So but we'll ensure that we renew it at appropriate prices and have it to be profitable business on a go-forward basis. But we did want to spike it out as a headwind in 2017.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Thanks, good morning. Does your expectation for slight profitability in the ACA compliant business next year assume that the National enrollment is going to be stable or growing? And how would you frame the downside risk to margins if enrollment declines and the risk pool deteriorates?

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

And also I mean it looks like your relative pricing versus competitors is generally higher in 2017 than it was – than it is this year after the price hikes and market exits, at least on healthcare. gov. Do you think that provides you any buffer against adverse selection next year?

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

Well there's quite a few questions in there. Hopefully I can address all of them. But I think maybe the most simple is that we expect that overall Individual ACA compliant membership on a National basis will be slightly down next year. And that our membership will reflect that. We still have many, many competitors in our markets. I just do want to point out that some of the exits that have been very widely publicized, very few of them impact our market specifically. So like for instance, California still has 11 competitors, Virginia still has eight competitors, just to rattle off a couple of our states.

From Anthem (ANTM) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 16:35:14

In terms of how many grandmothering are in our markets, including what our competitors have, we actually do not have the specificity of that. But obviously, all the dynamics that we're experiencing and the changes in the laws they're experiencing. So, there's really not a – if your question is, is there an opportunity to get someone else's grandmothered business, answer is really no. It would have to be – we would have to get it as part of an ACA compliant product.

From C.R. Bard (New Jersey) (BCR) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 03:03:23

Looking at revenue growth geographically compared to the same quarter of 2015, net sales in the U.S. increased 7%. On a constant currency basis, Europe grew 5%, Japan was up 44%, benefiting from moving the customer pricing after our acquisition of the joint venture there and our other international businesses grew 19%. Emerging market growth was strong yet again, representing 10% of our total sales in Q3.

From C.R. Bard (New Jersey) (BCR) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 03:03:23

Now, let's go to Urology. Total net sales were $242.1 million, up 14% as reported and up 15% on a constant currency basis. The combination of Liberator Medical sales and the benefit of the Japanese business moving to customer pricing added about 1,200 basis points to the growth in this category. Excluding these two acquisitions, the United States business was up 2% while internationally we grew 7%.

From Baxter International (BAX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 19:09:13

Now, to break our Hospital Products at a franchise level, sales in Fluid Systems totaled $576 million, up 11%. These results reflect continued strength in the U.S. driven by favorable demand and pricing for IV solutions along with the strong growth in extra sets resulting from the ongoing successful launch of SIGMA SPECTRUM. Note that this quarter, we anniversary the launch of SIGMA SPECTRUM which is continuing to drive solid performance and increased market share.

From Baxter International (BAX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 19:09:13

Walking through the rest of the P&L, adjusted gross margin of 44.9% represents an improvement of more than 100 basis points over the prior year, driven by a positive sales mix, improved pricing in select areas of the portfolio, and favorable manufacturing performance in the quarter. Adjusted SG&A totaled $611 million and decreased 9% on a reported basis. The primary driver of the improvement was our ongoing focus on controlling expenses and the benefit from lower pension expense.

From Baxter International (BAX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 19:09:13

The final piece related to gross margin is this idea of how can we think creatively about our business arrangements, either through pricing or being thoughtful about the services that we provide. A simple example of this is we're really focused in our U.S. Renal business on limiting the amount of overnight shipping that occurs. For us, that has historically been a real cost that we've borne, and it's impacted our margin. By focusing on that, we're able to drive a better margin. So, those are the three drivers that have impacted our gross margin.

From Baxter International (BAX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 19:09:13

So, I was going to add that our pricing to date is slightly over 1.1% of our growth. So, it's a fraction of the overall growth. Do we have price increases? We do have price increases like many companies. But its sustainability, what I see in the long term, is neutral to a slight positive on pricing. So, I want to make that very clear.

From Baxter International (BAX) Q3 2016 Results - Earnings Call Transcript

Published on 2016-10-25 at 19:09:13

So, there's significant amount of things we're doing that are not related directly to price, but eventually plays a role in pricing because your mix will be different if products have higher margin and will change the profile of the company. It's not an easy thing to do, but we're working very hard to do it right. Hence, one of the things that we haven't rushed into doing was acquiring companies, we want to make sure that we have the discipline to acquire the companies, where it matters and be strategically accretive to our business.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

On Slide 8 I'll review our revenue growth by segment on a currency neutral basis. Fourth quarter revenue growth was 6.4% for the total company. In the quarter pricing was about flat.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

Turning to slide 18, I'd like to walk you through the balance of our guidance expectations for the full fiscal year 2017. As Vince mentioned earlier in the presentation, we expect revenue growth of 4.5% to 5%, with BD Medical growing 4.5% to 5% and Life Sciences growing between 4% to 5%. Growth in both segments contemplates a small amount of pricing pressure.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

Okay. Great. And then just one other question. You had mentioned building in a little bit more pricing pressure into the forecast. Can you maybe comment on where you're seeing a little bit more pricing pressure, or expecting that to occur?

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

So we haven't really seen the environment change all that much. We know that there's going to be pricing pressure. We've talked a lot about it being in Europe. And of course over the last few years we continue to see consolidation in the U.S. marketplace. So I think we're being prudent in terms of how we're thinking about this. And we'll continue to work as we have in the past to offset it.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

And as we look forward, the guidance that we gave of 53% to 54%, and that would be inclusive of FX headwinds and pricing headwinds, et cetera, is extremely strong. It's a significant milestone for us to hit that 53% to 54%.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript Published on 2016-11-03 at 17:55:17

Hey, guys. Hey, morning, guys. It looks like the numbers were actually a lot better than what it seemed like at first blush there. Just maybe a couple of questions from the guidance, Chris or Vince. What does the guidance assume from a pricing assumption for next year? And can you just talk about the quarterly cadence, Chris? Because obviously this year was a back half loaded on the revenue front. And given the flat share count and your comments on free cash generation, it looks like maybe there's some upside from cap deployment potentially. Thanks.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 17:55:17

Yeah, pricing is just slightly negative in the plan. And as Chris said, it's already in the guidance.

From Becton, Dickinson & Co. (BDX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 17:55:17

Yeah, which is no different than the beginning of just about any year. You got to look at that. The pricing environment, as Vince said, hasn't really changed.

From Biogen (BIIB) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 17:05:26

And then my question is really on market access for multiple sclerosis in 2017. Now that those contracts have been written, can you give us a directional view as to your formulary access versus 2016 and the pricing environment for your products during that year?

From Bristol-Myers Squibb (BMY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 19:43:29

Let me start, Tony, because that's an easy one. The revenue recognition rules are that you have to recognize it once you do have the pricing agreement.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

The public discourse around drug pricing has at least for the moment had a significant impact on the way pharmaceutical companies are pricing their products on both the branded and generic side. Combining this with limited generic product launches and significant reimbursement pressure on our customers, the competitive intensity has increased. As a result, price erosion during the period has been more pronounced than it has been in quite sometime for our industry.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Today, our customers look to us for our integrated solutions to help them reduce costs, increase efficiency and improve quality. All of this requires deep, multidisciplinary healthcare expertise and real strategic partnership, which we deliver everyday for those we serve. These are the characteristics at the moment, some very encouraging, others creating short-term headwinds. Of course, I would like some of that to be different, but this is the environment in which we must compete now. We will play for the long game, with a strategic eye in the future, mobilizing the best talent and building the right lines of business to help our customers compete in this changing world. With this as backdrop and modeling in and adjusted for the current pricing environment, we are slightly lowering our fiscal 2017 non-GAAP EPS guidance to $5.40 to $5.60 from our prior range of $5.48 to $5.73. Let me be clear. We remain committed to navigating today’s challenges, embracing tomorrow’s opportunities for our customers and shareholders.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Now let’s move to segment performance, starting with Pharma. Our Pharmaceutical segment revenue increased 14% to $28.8 billion. This increase was from growth in net new and existing pharmaceutical distribution customers, driven mainly by the win of a previously announced large mail order customer and the impact of branded inflation. While a smaller driver, the strong performance of our specialty business also drove the revenue increase. Despite the revenue growth, segment profit for the quarter decreased 19% to $534 million. This decrease was a result of generic pharmaceutical pricing and to a lesser extent, reduced levels of branded inflation, as well as the previously announced loss of a large pharmaceutical distribution customer. This was partially offset by solid performance from Red Oak Sourcing.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Before moving to our fiscal year ‘17 outlook, you can turn to Slide #7 where you will see our consolidated GAAP to non-GAAP adjustments for the quarter. The $0.28 variance to non-GAAP diluted EPS results was primarily driven by amortization and other acquisition related costs. Next, I would like to discuss our fiscal 2017 non-GAAP earnings guidance range and assumptions. But before doing that, let me comment on Q2. While we don’t typically provide quarterly guidance, we want to keep you informed when there are meaningful shifts. So as it relates to the second quarter, the generic pricing environment and to a lesser extent, the brand inflation rates lead us to now expect the second quarter fiscal 2017 Pharma segment profit decline to be relatively in line with the first quarter on a percentage basis.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

On Slide 11, there are three updates to our full year Pharmaceutical segment assumptions that I would like to take a minute to highlight. First, we have previously expected Pharma segment profit for FY ‘17 to be essentially flat. We now expect full year segment profit to be down mid to high single-digits versus the prior year due to the generic pharmaceutical pricing environment and while much less of an impact lower than anticipated brand pharmaceutical inflation. To clarify, when we refer to generic drug pricing, we are referring to a combination of all factors affecting generic selling price, such as manufacturer inflation and deflation and customer pricing. We now expect this to be in the mid to high single-digit deflation for the full fiscal year. Lastly, we have adjusted our brand manufacturer inflation assumptions to a range of 7% to 9% from approximately 10%. Overall, we still expect Pharma segment profit to be back half weighted.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Now, turning back to overall company guidance. Since we are slightly lowering our overall fiscal 2017 earnings guidance range to 3% to 7% growth from 5% to 9% growth versus the prior year, we have updated some of our original assumptions to achieve that growth on Slide 13. The line titled Business Growth is now assumed to be flat to 3% and capital deployment is now assumed to contribute 3% to 4% for the year. From a corporate standpoint, we are focused on expense management and other actions to achieve these results. Keep in mind that the benefits related to these important items are held at the corporate level and not reflected at the segment level. And while we aren’t providing the EPS bridge slide we presented on our August Q4 call, you can infer that based on my comments about the generic pricing environment being more challenging, it would result in a decrease to that line item, while increasing our capital deployment assumptions would result in an increase to that line item. Net customer activity remains about the same, but our existing or remaining businesses bucket would increase as it includes the corporate actions I just referenced.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Additionally, we told you on our fourth quarter call that we were assessing the timing of the adoption of new accounting treatment for the tax effect of share-based compensation. Our 2017 guidance does not include this as we believe it is simpler to adopt the new treatment in our first quarter of fiscal 2018 according to the required schedule. So, as you can see, we have now aligned our guidance range given the current pricing environment I just described.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Good morning. George, you talked about the moderation in the pricing environment, but I think your comment seems largely focused on the buy side part of the business. I have just obviously want to get your views on the sell-side side of the business given your peer last week talked about more aggressive pricing in the retail independent channels? So, I just wanted to see what you are seeing there currently?

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Hi, Bob. Good morning. Yes, actually my comments really were about the overall pricing environment. So, I was talking about sell side as well. And here is my perspective, there are, as I mentioned, number of factors coming together to make this a bit of a unique moment. So, we are not going to overreact to that moment. Our position, our plans for growth really aren’t different than today than they were 6 months ago. Our value proposition is very clear. We are an extraordinary attentive partner to our customers. We have a unique ability to follow the patient across the continuum of care. The service offerings are extensive, that’s what is part of our positioning. So, that’s I think important to stay upfront. But no, I think we are describing some similar characteristics to what you described.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Thanks Bob. Let me hit a few different things. I think, first of all, just to be clear, when we talked – when I was talking about generic pharmaceutical pricing, I wasn’t really talking about the headwind tailwind you used to hear over the last couple of years of inflation and deflation on generic products, because that’s about where we model it to be this year. We are not really seeing that. We expected it to be a net deflation environment and that’s what we are seeing. So, that’s not really the driver. What we are talking about is more the downstream pricing component of our generic pricing. That’s where we are seeing the uptick in competitiveness or a little more erosion than we had expected to be, and that’s really is the main driver of us taking down our Pharmaceutical Distribution numbers.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

As I mentioned a couple of times, to a lesser extent, brand inflation. So, we have said about 10% before on brand inflation. We are now modeling in the 7% to 9%. That impact, I guess I will put it this way. If that were the only thing going on this year, then it wouldn’t probably be adjusting guidance. It’s more the combination of the generic pricing and then that on top of that. But I think that’s the first thing I want to say. The second thing, I can understand why you maybe have a little trouble with your numbers. I can’t quote exactly or comment on exactly what the number should be. But remember, I did make a comment in here that we have some significant initiatives around expenses and other initiatives that will be captured in our corporate numbers. And so those aren’t going to show up in the segment numbers, because we don’t push those down at the end of the year, so probably the piece that you are missing as you try to reconcile having Pharma down, capital deployment up, midpoint down, the last bucket that you are missing is that the corporate numbers we are going to have savings there that will be in the overall corporate bucket.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes. I would totally agree with that. And I think you have to think about the way contracts are written and just certain customers contracts are written in ways that the generic pricing or the way it works is one way in the other areas, it’s much more competitive for they haven’t committed to buy all their generics and so they are constantly shopping them and that’s where you are going to see and that’s typically in independent space. And that’s where you are going to see some more of these competitive pressures.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes. I would say clearly, the number one offset to what we are seeing in the competitive pricing generics has been and should continue to probably be Red Oak Sourcing. I continued to be impressed with the team there, the depth of talent that we have on the team, the way they are looking at things, the creative ways they are working with manufacturing partners. And CVS Health couldn’t be a better partner working together with us to drive value at Red Oak. So Red Oak would continue to be a positive driver for us when it comes to offsetting that.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes. We have said that we have lots of different things. One of the things that I think is really helpful for Cardinal in general is our broad portfolio. So while we are seeing pressure from generic pricing and as I have said, to a lesser extent, branded inflation, when you look across the rest of the P segment, whether it would be how we are performing particularly in specialty, how we are getting in working through with Nuclear and some of our other components within that business, we continued to drive value in other areas. As you can imagine, when you are in a challenging environment like that, everyone, whether you are in P, M or corporate, is focused on expense control and making sure we are very diligent on those types of things. And so we have that benefit. As I mentioned, Medical is continuing to do very well. We expect them to have a very good year. And they are going – moving along as planned. And so I do think our broad portfolio of having Medical being able to drive some initiatives at a corporate level, which are going to show up at the end of the year, as well as some of the other parts of Pharma, are what we will be able to use. And using our balance sheet too, from a capital deployment standpoint through M&A and stock repo is how we are going to continue to manage the rest of the year.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
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Yes. I think in some ways, a little bit of both, because a lot of their sales are into the independent market. You can imagine we are seeing some competitive generic pricing against our telesales business, which obviously is a little bit of a headwind for that group. But on the flipside, because we do have so many contacts into the independent and the regional chain space with our telemarketing business, it gives us a lot of competitive intel on what market price is. And we stay very focused to try and make sure that we are pricing at that market price and not trying to do anything outside of that, because we believe we have a great service offering that we don't need to price below market in order to win and compete effectively.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes, hey, good morning. So, couple of questions here. First of all, does your guidance assume any additional step down in distribution sell-side pricing offering independent books? So, did you assume that a step-down in the pricing that you are seeing in the marketplace today will spillover to your entire independent book?

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Well, I guess the only way I can respond to that is, as I mentioned in my remarks, our guidance includes not only what we saw in Q1, what I have kind of foreshadowed in Q2, but also that it was based on some of the trends we are seeing in Q1 and in Q2. So yes, it does include some continued challenges with generic pricing and branded inflation.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

We are always lowering our pricing in the generic market. It always has been that way. And so generally, you constantly are competing on generics. All we are saying is that, right now, it's just a little bit of an unusual period of time where we are seeing a little more aggressive re-pricing. But there is always some re-pricing built into your go forward. We are always going to price the market. We are not ever trying to leave the market down, but we are in the – we believe the best competitive position from a cost standpoint that we can always stay competitive.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
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Great. Thanks, guys. So, if I could just maybe qualify what you said here is, on the distribution side, your margins on the buy side are about the same, your margins on the sell side downstream have got a little bit worse. And so that's a). And then b), Mike, if we could go back to this time last year, I mean, if I remember correctly, you guys were already kind of dealing with a little bit of a difficult comp on the distribution margin side. If I remember correctly, you guys got about, I think called out $0.08 of incremental tailwind from generic pricing this time last year, and I think about $0.03 from synergies from acquisitions. So, could you maybe talk a little bit about that and kind of how much of this year-over-year difficult comp kind of played into 1Q? Thanks.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes, thank you. I did mention that in my remarks that part of the reason for our Q1 is the comps and that's why we called out Q1 being down was. And you were right on with that. We did have $0.

08 last year that we called out favorability largely from benefits related to certain competitive dynamics on a few key generic items that we thought we are going to deflate last year that didn't and they stayed up. And since then, they have deflated. And then, as you mentioned, $0.03 on accelerated integration of some acquisitions. So those were favorable items last year. As well as from an overall basis, remember, we had a favorable tax component last year too. And then in last year, we did see the first quarter branded inflation was a little higher than we had anticipated. So, that's right. Those were the positive things. You also summarized accurately the generic piece. When you really break it down into two components, one is the manufacturing actions, which is then either raising or lowering price. We are seeing, for instance, less inventory inflation on generics, but it's really no different than we had originally anticipated. As you mentioned – as we mentioned in the past, FY '14 was a good year, '15 was a solid year and then it started coming down in '16 and we kept calling down and we said we expected that to be down and that's how we essentially budgeted and looked at it for this year. So again, we are not seeing anything real different when it comes to what the manufacturing actions are related to inflation and deflation. It is the competitive environment downstream in our actual pricing out for the customers.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Thank you and good morning. George, I just want to go back to your comments around the branded side and that primarily everything today is driven more on the generic side and pricing competition, but you brought the branded expectation down from roughly 10% down to the expectation of 7% to 9%, can you talk, is that what you are seeing right now, is that kind of your future look, we have heard from a number of manufacturers that they are lowering their expectation into what their price inflation will be in calendar '17, so I want to understand that, number one. And number two, I just want to understand because the way that I have historically thought about this is that 15% that's on a contingent basis was probably more profitable than a fee-for-service contract and so drug price inflation would have a bigger impact on that component of the business, I just want to know if I am thinking about that correctly?

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

I guess Mike first off, if we think about the change in the guidance on the generic side, are you able to quantify I guess kind of from down mid-single digits to mid to high single-digits, how much of that change is due to the underlying pricing environment of the drugs themselves, the deflationary environment versus how much of that is the sell side margin pressure. And then my second question would be you started to run down the rabbit hole of purchasing compliance a little bit, I guess could you talk about what you are seeing in the contracting environment and how that help – how pricing is leading into – how pricing is tying into the purchasing compliance discussion?

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes. So as far as the adjustment from mid singles to mid singles to mid to high single-digits net deflation, really that entire adjustment is due to what we are seeing in the generic pricing environment. As I have mentioned, we are not really seeing the inflation-deflation piece to be significantly different than what we modeled. So you can assume all of that is essentially related to the generic pricing. And then as far as...

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript

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The sell side part, that’s right. And as far as compliance goes, that’s highly contract dependent, when we have customers, we are very diligent about the way we write our contracts. So if we have a customer contract that says that they have got to buy x percent of the generics from us, then we monitor that and we make sure that they do. And on the piece that they don’t have to directly buy from us in order to make that deal work, they can shop that piece and we have always known that. And so that’s the component that we would see, obviously some more pricing pressure on.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Yes. So, Q2 was really being driven by the same trends that we discussed. When we take a look at that, the trends that we saw in Q1 related again to generic pricing as well as branded inflation rates being lower than we had anticipated are the two key drivers in Q2 and why we gave you some early information that it would be similar to the percentage decline we saw in Q1. As far as what’s going on back half weighted, some of it has to just do with comps and things that are going to happen in the Cordis, like branded inflation tends to always be stronger in our Q3. And we have a lot of other initiatives that we are working on that we believe will deliver value in the second half. Remember, we have the step up in Cordis that impacted our Q2 and Q3 last year that doesn’t impact our Q2 and Q3 this year. Plus, we will have a full year of growing and getting after that business as well as on-boarding some other customers. So, we think we have enough initiatives in the back half to be able to get us to where we need to for the year.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Thanks. Just one more here on the sell side customer pricing, I guess I am just curious, is there any evidence that a change in the actual price methodology in the market being offered by some wholesalers? And the reason why I ask was that there was some chatter about maybe a shift to a cost plus pricing model on generics as opposed to just random spot pricing? Thanks.

From Cardinal Health's (CAH) CEO George Barrett on Q1 2017 Results - Earnings Call Transcript
Published on 2016-10-31 at 19:41:05

Well, I think all the time people are always trying to be creative on how they price and how to work with customers and different customers have different needs. So, I don’t see a wholesale change though in the way people are pricing in the market. The majority of the areas where we are seeing the pricing pressure just in that normal day-to-day pricing, whether or not that’s changing our larger deals, it’s hard for me to speak to our competitors on how they might be doing that. And deals can get often very complicated on how you compare one to another, but I wouldn’t notice any notable change at this point in time.

From Celgene's (CELG) Management Presents at Stifel Nicolaus Weisel Healthcare Conference 2016 - Earnings Call Transcript
Published on 2016-11-15 at 19:22:23

I don’t think it changes my perspective at all. Certainly it was a little bit of a surprising outcome for the election for most people. It remains to be seen exactly how things go. I think there might be more biotech friendly policy environment, but we have to wait and see I think a lot of the pressures that are on the marketplace including pricing and other things, I think are still there and still need to be – we need to be thoughtful about them, but I think there might be a different policy environment in the coming years than there has been in the past and we'll have to wait and see how that goes.

From Celgene's (CELG) Management Presents at Stifel Nicolaus Weisel Healthcare Conference 2016 - Earnings Call Transcript
Published on 2016-11-15 at 19:22:23

No, I don’t see the policy changing. I mean, I think what we've tried to do is, we've always tried to connect value with our price increases and obviously in the value of the brands and try and price them according to the value that we see. We have not been particularly aggressive company in terms of pricing and other things and I think we're going to continue on with what we've been doing.

From Celgene's (CELG) Management Presents at Stifel Nicolaus Weisel Healthcare Conference 2016 - Earnings Call Transcript
Published on 2016-11-15 at 19:22:23

I think for me when I'm looking at pricing of products and OTEZLA is a good, I think a really good example is, you want a price according to value and you want a price according to where you see utilization of the drug. In the OTEZLA case we saw a real opportunity and a real market value in the pre-biologic space and then in order to really emphasize the positioning of the product to be used before biologics we decided to price accordingly which was at a discount average biologic price.

From Celgene's (CELG) Management Presents at Stifel Nicolaus Weisel Healthcare Conference 2016 - Earnings Call Transcript
Published on 2016-11-15 at 19:22:23

I'm a big proponent of more transparency in this area around pricing, around discounting, around rebates. I think it's something that's there is not a lot of transparency around. I don’t think it is necessarily healthy to have that lack of transparency and certainly I would be a big, big proponent of more transparency around how it works in pricing and discounts and rebates and step edits and other things. The area - and I think you hit where we, you know where this within the portfolio something that we need to be thoughtful around and where it's initially for us is and with OTEZLA it is the most highly managed category I think in healthcare, the traditional biologic TNF inhibitor space.

From Centene (CNC) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 18:53:15

In your view on the small group business, does that suffer from some of the same issues that not necessarily you had, but broadly the ACA businesses had with adverse risk selection?

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

The RFI had primarily three concerns. One, whether patients enrolled in Medicare purchased an ACA plan that was duplicative in coverage. None of our patients who were enrolled in Medicare enrolled in the ACA plan. The regulation cited in the RFI, which referred to Medicare Supplemental Plan, is not germane to the ACA plan.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Number two, whether patients lost their Medicaid coverage as a result of purchasing an ACA plan and, therefore, were exposed to additional costs. Our patients did not lose their Medicaid coverage as a result of purchasing an ACA plan and, as a result, were not exposed to additional costs.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Consistent with CMS own education materials, we educated our patients on the ability to purchase an ACA plan while retaining Medicaid coverage as a secondary. These patients did not apply for tax credits and subsidies.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

And three, whether patients experienced a disruption in continuative care as a result of purchasing an ACA plan. Just a small portion of our Medicaid patients made the choice to purchase an ACA plan. And they did so for their own personal reasons, such as to have access to specialists who do not accept Medicaid, or increased chance of qualifying for transplantation or other reasons. We're not aware of any patient experiencing a disruption in care, likely because those patients who would have had such a disruption made the choice not to enroll in an ACA plan.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Lastly, there have been some questions around comparing our disclosure of 5,000 patients versus public information from other providers. I believe that the confusion is around some definitions. When we refer to individual market plans, or ACA plans, we refer to the full universe of individual plans, whether they're sold on or off the government-run exchanges.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Allow me eight different points, please. Number one, we fulfilled our regulatory responsibility to provide comprehensive education to our patients. This has been an industry requirement for the last 15 years to 20 years; and then, ACA was added onto that standard in longstanding process and practice.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Number two, a very small percentage of our Medicaid patients determined that an ACA plan was better for them. And Javier mentioned some of the very significant reasons why some of those plans were way better for them and/or their families. I won't repeat the examples, but important and often beautiful improvements in care.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Number three, nonetheless, if you look at the benchmark plan, an EGHP plan, you see that total ESRD costs – meaning, dialysis and hospital-related costs, et cetera – was about 1.3% of the total medical cost. That again is, total ESRD costs in the numerator and then total medical costs for the plan in the denominator. In the ACA plans, we estimate right now that that percentage is only up to about 1.6%. And so, it is a low absolute number and it's a low increase number.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Number four, we were very sensitive to the fact that some of these patients choosing an ACA plan meant that we would be paid higher rates – commercial rates versus Medicaid rates. And, therefore, we created a very intense oversight process to make sure that we did everything possible to live up to the CMS standards around objective presentation of information and absolutely letting the patient choose.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

A third driver – out of probably a potential list of seven or eight, but I'll stop after three – is areas with relatively poor Medicaid coverage, because that would naturally mean that there is a higher probability that a Medicaid patient would find an ACA plan more attractive.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Letter B, our patients made sensible choices, and we've provided lots of examples to CMS as have other providers; C, the fact that enrollment of dialysis patients within the ACA plans looks to be flat or down, even without any change in Medicaid access in 2017 and 2018 and, of course, would be down even more with any restriction on the Medicaid front.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Thanks. Good evening. I guess, my first question here is just the company bought back $600 million of stock in the last four months at prices that are 15% above the current price with full knowledge of the issues out there in terms of the concerns around third-party payment for ACA coverage, right, given the potentially significant impact on earnings here, the downstream impacts of just the government taking a harder look at third-party funding in general, managed care negotiations, et cetera, potentially getting impacted.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

And I'll even add one other element. Back when the Affordable Care Act was being rolled out, we were encouraged by the administration to promote exchange products. We were even asked to put up signs in our centers promoting the ACA plans. Now, of course, it's four years later and a lot of things have changed, but that's the actual historical context.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Hi. I did one day of law school and ran out in horror, so my pea brain isn't wired to understand all these fine points. But to make it simple, one of your competitors said that the no-no in their opinion was to switch people off of Medicaid, but the ambiguity was when a new patient came in, eligible for both Medicaid and an ACA plan, that's where you could present both. Is what you're doing just sort of in line with that that new patients come in are fair game, they don't have insurance, but existing patients on Medicaid you're no longer going to try to switch them. I know I'm oversimplifying, but is that a helpful way to think about it or no?

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Hey, it's LeAnne. I think you're confusing two things. So let's talk about – patients who signed up for ACA coverage made that choice and retained their Medicaid in the secondary. I think that answers the first question. We're not substituting ACA coverage for Medicaid. If they're keeping them, they're having both of them and it's not subsidized by federal tax credits.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

No. I think we do have patients that come to us that are uninsured. And our education and process with those patients would be to find out all the avenues to which they could purchase coverage, whether they be Medicare or Medicaid, a commercial plan, an ACA plan, et cetera. So our counselor's job is to make sure that each of the avenues is presented to that patient, and then the patient chooses what is best for them in their particular circumstance.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Okay. Was the reduction in price for Renal Ventures driven by the new thinking around ACA plans or was it something else?

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

All right. Hey, thanks. I'll try to keep it quick, but maybe one more on the AKF. It doesn't appear that you implemented this exchange initiative until 2015 at least according to the RFI submission. So, one, just looking to confirm that? And the ACA obviously was implemented in 2014 and you knew about it many years prior. So was there something that made you apprehensive about pursuing this strategy with patients and why perhaps it wasn't implemented in 2013 or 2014 open enrollment? Just looking for any additional color.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

So while they didn't have classic insurance, they were funded. And they were typically funded at rates more like commercial than Medicare or Medicaid. And so, for the system, there is no increase in cost from their emergence in the second bucket of ACA plans.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

And then the third bucket, which is substantial, our people who are on private plans before ACA existed, they had individual health insurance plans. And once ACA was there, they switched over. And so, these are people who've been buying insurance in the same way that everyone on this call buys insurance, only they're doing it individually as opposed to their employer. So those are the three buckets. And then within that second bucket, there are some subsets. But at some point, continued parsing and get to pretty small numbers.

From DaVita (DVA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 03:31:15

Okay. So maybe I'll just ask the question this way and jump off. There are people that are going to come to you that are uninsured that can qualify for Medicare after three months. If I were thinking about the potential risk bucket here, that would be the one where potentially now you're signing up for ACA plans, where before they would just have to wait three months uninsured and get Medicare. Is there any way to think just about how CMS – could CMS address that, or effectively they're uninsured and they can buy an ACA plan like anybody else. So how do you stop it?

From Dentsply Sirona's (XRAY) CEO Jeffrey Slovin on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 20:37:19

Thanks. Question on equipment side. Can you maybe just talk about pricing in competitive dynamics, are you still able to get the same amount of price given some of the softness you're seeing and can you talk specifically on CAD CAM competitive dynamics, it looks like Shine had a very good quarter.

From Dentsply Sirona's (XRAY) CEO Jeffrey Slovin on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 20:37:19

I would say keep in mind, Steve we're going to be opportunistic, it's discretionary. We'll keep you on your toes about buying. From the standpoint over the next year, we will continue to do small acquisitions and we've got some bigger ones on the horizon. We've got to keep in mind that the pricing we paid for MIS very strategic has synergies within it and the level spend for an acquisition would not concern us but it's got, we've got a couple that we think could make a lot of sense for us.

From Dentsply Sirona's (XRAY) CEO Jeffrey Slovin on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 20:37:19

Thank you. Good morning guys. So Jeff just wanted to start with you, looking at the fourth quarter guidance I think a lot of us are trying to feel out what you are seeing in the end markets. How you are feeling about the end markets but it seems to me your fourth guidance implies organic growth of maybe around 3% or so, the comps gets a couple of hundred basis points easier you pick up maybe half point across the product lines and pricing some of the distributor channel, drawdown comes up a little bit. So it seems like to me you are basically saying end markets have been soft, going to maybe remain a little bit soft. There is not really a whole lot of implied end market improvement in your fourth quarter guidance, but you can still kind of get to 3% numbers. Is that a fair way to kind of summarize it at all?

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

We continue to file new ANDAs with the FDA, while replenishing our R&D pipeline. Our Base business declined approximately 20% sequentially from the second quarter 2016, driven by higher than expected consortium pricing pressures, evolved consortium structure and certain competitive Generic entrants late in the quarter. Excluding stocking and one-time factors, this decline was approximately 15% from the second quarter 2016.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Given our overperformance in Q3 versus our expectations, we've increased confidence in our overall full-year guidance range, which takes into account several moving parts, including the range of our launch forecast for our first-to-file generic versions of SEROQUEL XR and Zetia. Projections around year-end timing of product sales, and shipments and continued pricing pressure for our U.S. Generics Base business.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Thank you, Blaise. Moving to slide 16, there are some strategic updates regarding the 2017 market environment that we believe are important to discuss. First, the U.S. Generics competitive landscape and pricing pressures continue to be challenging. Deeper than expected Base erosion trends that we see and saw in the third quarter indicate stronger headwinds on the front as we exit the year.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Steeper than anticipated consortium pricing pressures, both in and out of formal bid cycles, that we expect to weigh on our Generics business moving forward, could impact our adjusted gross margin profile and our 505(b)(2) expectation and longer-term 505(b)(2) strategy has been impacted by the competitive landscape, regulatory actions and the pricing environment.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Thanks. Good morning. Just basically one question for you, Paul. Could you maybe just provide a little bit more color, go into little bit more detail in terms of the evolving consortium pricing pressures that you've referenced several times in the release, and during your prepared commentary?

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Good morning, Paul. When you were talking about 2017, you mentioned 505(b)(2) expectations. And can you put a little more color on that? You said the longer-term strategy could be impacted, so what does that mean? So competitively, are there more people doing 505(b)(2)s? Or is the FDA more against approving these 505(b)(2)s? Or basically the pricing is going to get worse for these things? So is it all three of them or is it one versus the other? Just give us more color. Thanks.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

So now, in today's environment, there are pricing pressures and we've got to be a little bit mindful of that. So we will continue with the strategy, understanding that when can't get intellectual property, that these 505(b)(2)s in essence will behave like a super generic, where we'll have the benefit and contribution driven by volume. But the pricing environment's going to be a little bit tighter. And likelihood is, is that we will see ANDAs coming at a quicker rate. But that's fine. That's still a meaningful product for the Par portfolio, and we will continue to do that. But that's where we will see a little pressure.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Thanks very much. Thanks for taking the question. I was just hoping, specifically on the outlook for Vasostrict, how you're thinking about pricing going forward over the next year? Thanks.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

Sure. I think our price – we want to think of ourselves as rational players in the current pricing environment. So I think the way we would be looking at this is that, we have the product positioned where we need it to be, and anything that we consider on a go-forward basis would be more mindful and thoughtful of the current environment. I think that's probably the best way I would characterize our pricing strategy on Vasostrict.

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-08 at 20:03:15

And nothing to suggest you pressure relative to the kind of net pricing or volume you're seeing now?

From Endo International Plc (ENDP) Q3 2016 Results - Earnings Call Transcript

Published on 2016-11-08 at 20:03:15

So the reality is that, while it was a large product – there was an awful lot of competition, and we had a short burst, at the end of the day, pricing fell to probably somewhere around 98.5% to 99% off of brand WAC. And again, that's an area that we don't want to compete. That was a decision that was made many, many years ago and the market dynamics changed in that regard.

From Express Scripts Holding (ESRX) Q3 2016 Results - Earnings Call Transcript Published on 2016-10-26 at 16:29:26

A few pharma companies have chosen to blame our industry for these rising drug prices. This is ironic, as the facts accumulated over many years with real results could not be more supportive of our role in creating affordable access to drugs. Just this week, a new report noted that although drug pricing will remain in the headlines, solving the challenge involves use of PBM tools, tools which include value-based purchasing, PBM negotiating leverage, increased competition through more FDA approvals, and protecting the Medicare Part D program, which has been immensely popular and has come in under budget every year because of the use of our tools.

From Express Scripts Holding (ESRX) Q3 2016 Results - Earnings Call Transcript Published on 2016-10-26 at 16:29:26

Great, thanks. And then lastly, with the bulk of the selling season behind you, can you just comment on the competitive pricing environment that you are seeing and how that might compare to the last year or two?

From Express Scripts Holding (ESRX) Q3 2016 Results - Earnings Call Transcript Published on 2016-10-26 at 16:29:26

I mean, I think it's as competitive as it – it's been competitive for my time in the business. It continues to be competitive. You see select competitors be selectively aggressive in certain spots. But I would say that I don't have anything unusual to point out to you. It is an environment where you have to compete on value. You have to demonstrate your core attributes well. And I will tell you that, again, I think what you would see is, had we had to do things that were irrational, you wouldn't see even the third quarter showing up as it had, because we would have had more early pricing and those sorts of things. We have found our model to be able to compete. We have found our retention to be strong in a pricing environment that is in line with the competitive nature of this business.

From Express Scripts Holding (ESRX) Q3 2016 Results - Earnings Call Transcript Published on 2016-10-26 at 16:29:26

Hey. Good morning, guys. Tim, just to follow up on the question on the selling season. So this is obviously one of the best selling seasons we've seen in a long time. So I know in the past, George used to say you don't want to go to the high 90s, because you're leaving money on the table. So how should we be thinking about where the margins are or what the pricing looks like on the retention number for next year?

From Express Scripts Holding (ESRX) Q3 2016 Results - Earnings Call Transcript Published on 2016-10-26 at 16:29:26

I also think that to talk about a point in time versus what happens over the longer term would be wrong because I think you're going to see evolution both in terms of the pricing – it's what we saw in hepatitis C just with two competing brand products, for example. It wasn't just a one-time decrease. It was sort of an ongoing set of kind of the market finding a different level. And I expect that you're going to see the same sort of thing in the biosimilars. So we've demonstrated in the small molecule space that we can work with brand manufacturers to create house generics that are good for patients and good for payers. We've equally demonstrated that we can move share away very aggressively. Interchangeability is going to be another dynamic, and a lot of that'll depend, again, on the product and the area.

From Gilead Sciences (GILD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 02:01:26

Finally, we are reiterating our full year 2016 guidance which was revised on July 25, 2016 and summarized on slide 27 in the earnings results presentation available on our corporate website. As a reminder, guidance for product sales is subject to a number of uncertainties, including an uncertain global macroeconomic environment, adoption of additional pricing measures to reduce HCV spending, volatility in foreign currency exchange rates, inaccuracy in HCV patient start estimates, additional competitive launches in HCV, an increase in discounts, chargebacks and rebates due to ongoing contracts and future negotiations with commercial and government payers, and a larger-than-anticipated shift in payer mix to more highly discounted payer segments, such as DHS, FFS, Medicaid, and the VA.

From Gilead Sciences (GILD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 02:01:26

Epclusa has now been launched in Germany, Sweden, Norway, Finland, and Denmark. I'm pleased to say that there have been the same positive reception as in the U.S. We expect to launch in the other large EU markets once pricing and reimbursement is in place by the second half of 2017. Not only does 12 weeks of Epclusa deliver incredibly high cure rates, but as a new standard of care, it is considerably cheaper than previously used interferon-free regimens, especially treating genotype 3.

From Gilead Sciences (GILD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 02:01:26

Thanks. Thanks for taking the call. Sorry, I was on mute. Can I just ask – you made two comments related to HCV that I just want to get some more clarity on. You talked about that you're pleased with the 2017 payer cycle. Could you just tell us if we should expect any significant changes in pricing or not? And then can you describe what you think is the size of the Epclusa warehouse and if you think you've moved through that or you would expect to see more of that through the end of the year? Thanks.

From Gilead Sciences (GILD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 02:01:26

Hi, Ying. It's Kevin. I apologize, but in terms of commenting on our net pricing to the various channels, to the various constituents, it's not something that we directly comment on, so I couldn't go any further than that at this time.

From Gilead Sciences (GILD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 02:01:26

Good evening. Thanks for taking my question. And unfortunately it's another one on HCV pricing for you, Kevin. You mentioned two factors that impact the average per patient price that have been changing. One is the public versus private payer mix, which you said changed over the last year, but maybe stabilized now, and then also the rebates given to private payers. You didn't really discuss those too much on this call, but in the past your predecessor said that he expected the rebates to actually increase when Merck entered the market next year. Some of your comments today could suggest the opposite.

From HCA Holdings (HCA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 18:51:28

When you think about the pricing side of our business, we've got good visibility into our managed care portfolio and our managed care book, and a substantial portion of 2017 under contract with rates and structure similar to what we've had the last couple years. So a pretty stable outlook there.

From HCA Holdings (HCA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 18:51:28

Gary, I think most everyone would agree, if the Republicans gain control of the White House and what have you, there will be pressures and probably less opportunities for states to expand Medicaid. If the Democrats are in place there, I do believe that there will be consideration, hopefully. Maybe see some additional incentives, maybe a little more flexibility in bringing some states to bear. And you would hope that some of the states that haven't expanded Medicaid will look at this as, ACA is not going away. There's money there that can help our states and get people insured. So I'm not about to say every state goes, but I think you'll start to see some – hopefully, you'll start to see some movement.

From HCA Holdings (HCA) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 18:51:28

Yeah, thanks. Good morning. So my question is on the other two components of your growth model. The volumes you say are 2% but looks like the mix shifting to lower-priced service sites is going quite aggressively, and there's price discounting with mandatory bundling. What are you thinking about on pricing growth? And then on sustainability of bad debt, which was a pretty important component of your growth for this year?

From Henry Schein (HSIC) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 19:07:25

Can I just add one thing, please? Mike, you made reference in your question to other areas of healthcare where there is, my understanding because it's not an area we participate in, but I assume you're referring to pharma wholesaling and over the last couple of weeks or so, there's been a lot of input on very competitive situations. I just want to make sure everyone realizes that's not our market. Sometimes we get painted with a broad brush that we're both in healthcare distribution, but whatever is going on there, and I don't pretend to understand it as well, that is really not what we're seeing in our market. Yes, you have to be competitive, but we still don't believe that you have participants who are doing irrational pricing in order to gain market share. So it's just a different world in our segment of medical and animal health.

From Hologic (HOLX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 00:47:15

Now moving down the income statement, fourth quarter gross margins of 65.7% increased 110 basis points compared to the prior-year period. Gross margins benefited from both geographic and product mix, as well as continued pricing discipline and operational improvements. Total operating expenses of $235.5 million increased 7.7% in the fourth quarter. We continue to take advantage of improving gross margins to reinvest strategically in the business. For example, quarterly R&D spending increased 16.3%, and we're beginning to see some of the benefits as Steve discussed.

From Hologic (HOLX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 00:47:15

Couple of questions on virals, guys. Obviously, glad to hear that everything is on track for the U. S. launches. And if we're doing the math right, I think you should be accretive to the overall Diagnostic gross margins. But, that said, we've also heard about some pricing pressure over in Europe. And so can you help just kind of set the stage for us about what you expect in U.S.? And then maybe just a couple words on what you're seeing in Europe thus far. Thanks.

From Hologic (HOLX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 00:47:15

And just the overall pricing dynamic in Europe?

From Hologic (HOLX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 00:47:15

Yeah, pricing is lower in Europe, but it's pretty much as expected based on our models. It's a little lower outside the U.S. than in the U.S., but not anything different than what we had anticipated.

From Hologic (HOLX) Q4 2016 Results - Earnings Call Transcript
Published on 2016-11-03 at 00:47:15

Yeah, yeah, exactly. And the international business certainly is a lower-margin business, which is going to impact some of that. And then certainly in 2016, we benefited from Surgical being outsized growth. We still expect growth in our Surgical business, but not at the level that it had in 2016. So there's some product mix in there as well. I will tell you that our operations teams are incredibly focused on continuing to improve the operational aspects of their business and we've established good pricing discipline. And I think there's still opportunities to improve margins; I think just perhaps not at the level of 2016, given some of that product mix that with had.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

As with any start-up business, we've had our successes as well as our challenges. In terms of successes, our ACA compliant membership for HumanaOne is up 38% from the end of 2014, well ahead of our previous expectations. This was driven by better than forecast sales and lower than anticipated attrition. Consequently, we have adjusted our aggregate HumanaOne guidance to reflect higher projected membership in the ACA compliant business which we also believe results in us approaching the scale we need for long-term success. We continue to forecast that we will have at least breakeven results in 2015 and earn a reasonable return on capital in 2016, albeit that achievement of breaking results this year now includes higher reliance on the 3Rs than previously anticipated coming into 2015.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

I'll start with out-of-network utilization. As the exchanges were rolling out across the nation, we believed there would be a time period during which our members will be getting accustomed to our efficient network products. Consequently, we permitted out of network utilization for the small proportion of our members who did not stay in network to avoid disruption notwithstanding the products design, which underpinned the affordability that our members seek. Our provider network team has thoroughly evaluated our networks in light of our membership levels by markets, and we are very satisfied in our level of network adequacy. As a consequence, we are in the process of implementing stricter enforcement of network utilization by working closely with non-network providers as well as educating our members on the product. Higher levels of in-network utilization are anticipated to ensure the continued affordability of our healthcare exchange offerings as well as align with our pricing assumptions for the remainder of the year and for 2016.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

After adjusting for the out-of-network usage, our markets across the country, including our largest HumanaOne market in Florida, are performing within expectations, with the notable exception of Georgia. One of the challenges we faced in both 2013 and 2014 was the immaturity of the claims data we had available at the time we set our healthcare exchange pricing for the following year versus what we would've preferred, specifically, more detail regarding statewide market conditions and health status based on significant exchange claims data. To help address this, we juxtaposed the limited Georgia claims data we had against claims data nationally for states that we believe had similar utilization patterns and mix of likely enrollees to derive assumptions from the population health of each state and, in turn, set our pricing.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Recent actuarial claims data for the state of Georgia now indicate that enrollees in the state as a whole are skewing more towards being a less healthy state population than we had believed and had priced four. Consequently, we are accruing both a risk adjustment and risk corridor receivable. It's important to recall that this was the original intent behind the premium stabilization programs, namely early year protection in this circumstance. We are, of course, incorporating our emerging experience into our actuarial assumptions and are taking the appropriate targeted actions through pricing and product design when we file our 2016 rates in the next few weeks to ensure that George's results will be back on track for 2016 without reliance on the risk corridors.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

As I mentioned, the remaining driver of the higher 3R balance relates to higher than projected growth of our ACA compliant business. This will result in higher 2015 receivables than we had expected, primarily associated with reinsurance. Finally, a quick word on our 2014 3R accruals. As you will see, we have decreased reinsurance by approximately $50 million and have increased our risk corridors by around $40 million as an offset. As we have evaluated the run out of a 2014 claims, fewer of our members anticipated will hit the reinsurance attachment point, which is the reason we have made this change.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

It's something we continue to evaluate. We certainly evaluate all of our medal tiers and try to understand where the utilization is coming from, particularly in Georgia where we've seen that. I think it's fair to say that we're going to continue to evaluate as we go into 2016 our participation in the various middle tiers. And certainly our pricing will reflect the increased morbidity we are seeing in that block. I would also say that the out-of-network utilization is something that we think we can address in short order, and so that will not be a recurring issue going forward.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

And with respects to Georgia, while other markets turned out just fine relative to that pricing philosophy, Georgia didn't. Another part of the Georgia issue has to do with the platinum plans, which you have asked about in the past. One of the things that we're seeing with the platinum plans is that the philosophy or the strategy that we've enumerated in the past with you and others is that you need to have documentable risk conditions for the members that are heavier utilizers, and as we study the Georgia population, as we're doing some of our risk adjustment work, we're seeing that the Georgia population, although heavier utilizers, don't have documentable risk conditions, which doesn't allow us then to get risk adjustment for them. And as a result of that, as Brian said, not only in Georgia but also in other states, we're evaluating that requirement as it respects our platinum plan strategies going forward, and you'll see us take some actions relative to that.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Well now we have a lot more actual claims information on which to set pricing, and so as we've done with all of our other products over the years, we're using actual claims to set our pricing, and so our pricing will be consistent with our desire that this block of business will produce a satisfactory return. A lot of what we've done up to this point has been models and estimates based upon other lines of business. Now that we've gotten some real claims information relative to not only 2014 but 2015, that's how we will set our pricing going forward, and we feel very confident on our ability to properly set the right rates.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Well I would say it's going to impact the 3Rs for this year just given where we are with our performance and the like. When people go out-of-network, those are higher costs than we had anticipated and that drives the receivables. As I mentioned in my remarks, we are working with these out-of-network providers both in terms of the reimbursable fees that we pay them in the fee schedules, contracting with them and the like, and it's also a matter of educating our members as to their product, the product that they have. I would say we believe very deeply in the strategy of having these high-value networks that allows us to drive very affordable and attractive pricing to our members. And so those are really the puts and takes. It's a combination of provider and member education. So...

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Thanks. Just wanted to stick on the individual business, and I know you're talking about Georgia specifically, but just interested and how much you think you're going to need to be raising premiums on the exchange business more broadly. If we look at your 3Rs accruals now for this year, they're right around a half billion for 2015, and I would calculate that on your sort of ACA compliant individual business, that equates to around 13% of revenue, so given that bowl of three insurance and risk corridors really sort of scale away over the next year or two, just help us think about how much sort of excess premium increases you're going to need to be implementing in order to reflect the expiration of those 2Rs of the 3Rs.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

That's not a specific number for obviously competitive reasons. We wouldn't want to comment on it right now. I would say that certainly we have the 3Rs squarely in mind as we price for next year, we recognize there's one more year to go here with two of the 3Rs. And so we're going to price such that as I said in my remarks we can earn an attractive return on capital in 2016 and beyond. So we understand the dynamics of the market and the 3Rs and the pricing required to do that, and we'll take the necessary steps to make sure we get the right financial return.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

To Brian's earlier point, many of the markets are performing well, we've got some problems in the state of Georgia that we plan to address with our pricing and product design.

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Okay so MA has been displaced. On Individual, did you see any improvement on your off-exchange ACA compliant type MLR at all? Your competitors seem to be seeing what they said they would see. And so net-net on Individual, you had said you would see margin expansion ex-exchange, public exchanges. What's going on in the rest of the book?

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

Okay, again we don't break our ACA compliant off-exchange and on-exchange. I think when you adjust for the 3Rs, our MER is in line with our expectations, which is why, as I said in my remarks, that we are going to break even or better for 2015. That still is the case. I'm sorry?

From Humana's (HUM) CEO Bruce Broussard on Q1 2015 Results - Earnings Call Transcript
Published on 2015-04-29 at 19:22:08

As respect to the state of Georgia, which we've talked about a couple of times, I wouldn't have said that it was adverse selection as opposed to the health condition of the entire population. We just have to price reflective of the health condition, and that may cause some of those members to move on to other plans, but we've got to get our pricing commensurate with the risk conditions that we're assuming, and we think that we've got a pretty good plan in place not only to increase pricing but also evaluate some of the products that are in the marketplace.

From Johnson & Johnson (JNJ) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 23:35:17

Two questions, first for Joaquin and then Dominic, some commentary on Medical Devices utilization. So Joaquin, I found your commentary on the strategy to defend REMICADE pretty compelling. So, should we take from your comments that your existing strategy is sufficient or should we expect more proactive pricing strategies to emerge in 2017 and beyond?

From Johnson & Johnson (JNJ) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 23:35:17

And then with respect to Proposition 61, there are several opponents to that proposition and we would prefer to have pricing that is more related to outcomes. Evidence-based medicine is something that we are advocates of, and therefore, outcome-based pricing is a logical consequence of that. But Joaquin, any other thoughts on Prop 61?

From Johnson & Johnson (JNJ) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 23:35:17

I have one just quick clarification here on REMICADE, and then I have one on sort of capital allocation. So Dominic and Joaquin, if I could just make sure I'm understanding your comment on pricing and expected biosimilar competition. As you've gone through a number of times here on the call, the perception is that REMICADE pricing will face some kind of new downward pressure or abrupt pressure here as a result of this launch. It sounds like what you're saying is, the net price for the drug is already quite competitive. There will be obviously penetration but it doesn't sound like you're expecting to see any kind of significant or abrupt changes in pricing because of the competitive launch. Is that a fair characterization of what you're saying?

From Laboratory of America Holdings (LH) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 19:57:24

Well, a couple of things. A lot of the volume benefit we gained from the Affordable Care Act was through Medicaid expansion, so that volume has been pretty persistent since the ACA passed and we didn't see kind of a one-time engagement. On the other hand, what comes through the exchanges, unless there is a fix of some sort to premium increases and plan withdrawals from markets, there certainly is the possibility that you'll have fewer people enrolled in the exchanges next year and that would potentially have an impact on 2017 in terms of a challenge for volume growth.

From Laboratory of America Holdings (LH) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 19:57:24

Hey, Dave. I guess if I look at your cost cutting program, the pricing trends seem stable if not improving a little bit. I guess I look at your calling out some of lower end accounts, it would just seem to me you're in a better position to do more business with those accounts and still earn a margin based on some of your internal improvement, so how is it possible there are still accounts that are just grinding you lower with the improvement we've seen you make to-date?

From Laboratory of America Holdings (LH) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 19:57:24

Thanks. Good morning, guys. Sorry, I hate to beat this over the head, but just looking for a little bit more detail in the lab trends. Was the consumer testing the bigger piece of the 70 bps? And I'm just trying to gauge how we should be modeling this next few quarters. When did it occur in the quarter? Did it actually build a little bit into the fourth quarter? And then a third piece to that just with pricing and Sequenom, how much did that add to the rev per req in the quarter?

From Laboratory of America Holdings (LH) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 19:57:24

I think it's too early, particularly in the sum of the items that have already been highlighted in the call around coverage, exchanges, ACA premiums. I think it's too early to really have a particularly clear view, Jack. We'll give our guidance as we traditionally do in February with the fourth quarter call. And at that time, we'll be in a position to articulate not only what the guidance is, but sort of what's the underlying rationale behind the guidance.

From Laboratory of America Holdings (LH) Q3 2016 Results - Earnings Call Transcript

Published on 2016-10-26 at 19:57:24

Sure. This is John again. We don't break out the bookings by segment, but I'll try to give you a little bit of color. In terms of the biotech side, we actually have seen strength out of the biotech. If you look at our early development areas, very strong in a very stable pricing to even increasing pricing activities. When I look at biotechs across the portfolio, you can look at this, I know people are focused on the biotech spend rates, et cetera. We see that pretty stable, especially based on the NMEs in the past. And then what's that's looking to the future as well as we're probably oriented to the top 50. Over 80% is in that top 50. I look at that as also an opportunity on the other side to get more and more share of that biotech side.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Secondly, just curious to know what's happening with pricing in diabetes because it does seem to be getting worse. You talked about rebates and discounts with Humalog, but it also seems that we're seeing some price discounting in SGLT-2 just based on INVOKANA's recent performance and their weakness due to discounting. So if you could talk about that as well. Thanks very much.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Let me answer your question on pricing in diabetes. First, as it was stated as part of the remarks by Phil, when we normalize for changes in the estimates of rebates and discounts for both Q3 and Q4, we basically see, in the case of Humalog, that our normalized sales would have been minus 1% instead of minus 14%. Now, minus 1% still implies a pretty important impact. It implies lower prices because we grew volume 10% with Humalog in the U.S. So that's basically minus 11 when it comes to price.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Thanks for taking the questions. First question just has to do with the pricing risk and election cycle. If you look at most of the election cycles historically, it would seem as though that if investors actually owned the group coming out of an election cycle, they'd be rewarded pretty handsomely. However, you do have some things that are being tossed about, most notably Proposition 61 that'll be on the ballot November 8, on the California ballot, proposing a statute which could create a price ceiling on prescription drug costs by state programs. Just your thoughts about this election cycle and what might be different, and is there any silver lining on pricing coming out of that?

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

It's difficult to say on the larger – are we going to see some price relief after the election. I think in terms of where drug pricing fits in what I'd call the rhetoric that you're always going to get in a campaign season, particularly one that's as polarized as this one. So I think there may be some acute relief.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Good morning, folks. My apologies if these were addressed. I was disconnected briefly. How should we think about pricing for Humalog? Obviously, significant impact here. I'm just wondering if we could get your longer-term thoughts there.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Alex, thanks for the question. Enrique, if you could touch briefly on Humalog pricing as you're seeing it. And then we'll go over to Dave for any discussions we've had with regulators related to the change in end point that we announced for (1:16:55). Enrique?

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Clearly, there could be switches back and forth that would deteriorate prices even further. But we have not seen that because there's a very high disruption cost at the patient level to be able to switch 100% of the business now for more incremental gains. It's difficult to say what the pricing dynamics would be. But net prices when it comes to Humalog are pretty low already.

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Morning, and thanks for taking the questions. Just on Jardiance, sales still light again versus what's implied from script volumes. Can you give color on what's driving this? I know you said last quarter it was a mix of gross to net adjustments and high use of copay cards. I'm just wondering, should we assume that the current net pricing is like a reasonable baseline or is there a negative pricing dynamic that could dissipate?

From Eli Lilly & Co. (LLY) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 22:45:12

Now, on the pricing question and rebates, I did comment on some of the copay cards and some of the impact of those. I also mentioned that the impact of the copay cards is going to lessen over time because there's a duration of this copay cards. So while we have implemented some of those changes, we have patients on these copay cards already and some of them are also on the market, so we expect this to be a long-term phenomenon and we will see this decreasing over time.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Let's start with our revised Fiscal 2017 outlook. In particular, we now provide an update to our expectation of a lower profit contribution, resulting from recent customer pricing activities, and lower operating profit as a result of further moderating branded pharmaceutical inflation trends, compared to previous expectations, both of which affect our U.S. pharmaceutical business within Distribution Solutions.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

As we built our plan and entered Fiscal 2017, we assumed some moderation around drug inflation activity. In particular, we commented on our expectation for a nominal contribution from generic pharmaceuticals that increase in price. We also commented that our expectation that branded pharmaceutical price trends would be modestly below those experienced in fiscal 2016. First generic price inflation has been largely in line with our original assumption. However, customer pricing and branded inflation continue to evolve.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

In our first quarter, we witnessed some evidence of inflation and pricing softness in line with our original assumptions. However, this softness became much more pronounced in our second quarter, first around brand inflation and later, around customer pricing. While we generally do not provide specific assumptions around customer pricing activity, we do operate in a competitive environment. And though competitive, we've always been focused on delivering value to our customers, value not just defined by price, but by service, innovation that helps our customers partner, manage, and run their operations, and manage their capital more effectively, and innovation that helps our customers connect with patients in a more informed and intimate way.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

As I've mentioned in the past, McKesson manages pricing on a centralized basis, although I think all of our customers believe we've been charging fairly for the service we provide and are willing to pay for this service. When a competitor significantly undercuts our existing pricing, we are compelled to respond. And although we cannot be absolutely assured that recent price concessions will address the recent heightened competitiveness fully, we believe our responses have been appropriate and measured.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

What we have seen this year to-date, our fewer products with price increases, and those price increases are at lower rates than both prior year results and our expectations for the current fiscal year. Given our second quarter performance specific to branded price inflation, we now expect full-year branded pharmaceutical pricing trends to be meaningfully below those experienced in Fiscal 2016.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

So what does all of this mean moving forward? It means we expect to receive less compensation from branded price increases than we originally anticipated in fiscal 2017. It means we will continue to monitor pricing activities throughout the year, especially in our fiscal fourth quarter, which is typically an important quarter for price increases. And it means we are engaging with our manufacturer partners to ensure we receive appropriate compensation, relative to the services and value we deliver, amidst a softer pricing environment.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Now, turning to our revised outlook for fiscal 2017. We expect the combination of recent competitive pricing and further moderating branded price increase activity will have a combined negative effect on our business by approximately $1.60 to $1.90 per diluted share, versus our July fiscal 2017 outlook, with a larger impact coming from competitive pricing.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

We are making a fundamental change to the structure in terms of our relationship with both providers and manufacturers as it relates to hundreds of specialty products. We are charging separately for the supply chain value we add across a wide array of product categories and manufacturers. Our conversations with customers and suppliers around specialty pricing are proceeding as expected, and we are pleased with the responses we are receiving.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Now to wrap up my comments. We've spoken for a few quarters about how generics inflation and customer consolidation challenges that we identified last year, which were incorporated into our fiscal 2017 outlook. We've effectively lapped these items at this point in time. However, we recently experienced new challenges around pricing softness in the form of increased competitive pricing activity and lower branded inflation, which I discussed a few moments ago.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Now I will focus on our fiscal 2017 outlook. As John discussed earlier, based on our reported earnings and expectations for the remainder of the year, we have lowered our fiscal 2017 guidance for adjusted earnings per diluted share from $13.43 to $13.93 to a new range of $12.35 to $12.85. This new range excludes approximately $1.31 to $1.33 from adjusted earnings driven by the combination of the EIS goodwill impairment charge and anticipated charges during the fiscal year for the cost alignment plan. Our revised outlook includes the impacts of competitive customer pricing and softness in brand inflation that John just discussed.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Now, I will review our consolidated results. Consolidated revenues for the second quarter increased 3% in constant currency. Second quarter adjusted gross profit excluding unusual items was down 6% in constant currency year-over-year, driven by the expected weaker profit contribution from generic inflation trends and the impact of previously disclosed customer consolidation activity and lower compensation from a branded manufacturer, partially offset by our recent business acquisitions and global procurement benefits. Further, as I previously discussed, we also saw softness in certain branded manufacturer pricing activity and, more recently, increased competitive customer pricing activity.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Obviously, we're seeing a lot of different constituents talk about drug pricing and all sorts of other things, but this seems actually unrelated. And so help us just understand, one, what you think caused this, how you think the industry will then respond and hopefully heal. And then, secondarily, on your end, I guess how we should put this into context of what has happened historically, if there's anything that you would compare this to.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Yeah. Thanks for taking the question. And John, you may have just spoken to it because you called out the pricing pressure, and I wanted to see if you could comment on which market sub-segments are you seeing the pricing pressure the most. It seems like you spoke to independents, but also is it in the independents and the franchisees and the big boxes? I guess any more color on the pricing pressure would be helpful.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Okay. And then just my only follow-up would be from a quantification perspective. You gave us the basis point impact. But is there a way to think about the magnitude of the pricing change in that segment that you're seeing? Quantify that. I'm sorry.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

That generic business is a source of profitability, and there is obviously flexibility in how we price those generics. And there's a market for generics. And we have to be responsive to how the market pricing plays for generics. James, maybe you can talk a little bit about the manufacturer side.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Yeah. In terms of when we came into the year, we were assuming that the level of brand manufacturer or pricing inflation would be modestly below what we had seen in the previous fiscal year. And today, we've updated that tight commentary to now being meaningfully below what we saw last year. To try to perhaps put a little bit more quantification around that, I would say that the delta, if you will, between the rate of inflation that we expected and the one that we have seen thus far year-to-date is greater than a third reduction versus our original expectations.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

I think those are all good questions. I think that the best way for me to answer them would be the way we think at McKesson. I can't speak to how our competitors make their decisions or how they make their pricing calls in the industry. I can tell you that McKesson is focused on retaining our customer base and creating additional value for our customers as I talked about before, and charging a fair price. And on that fair price idea, there is plenty of headroom in terms of the value we deliver to the industry that we don't charge for.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Yeah. So a couple of points. In terms of the negative effects, I would say it's the competitive pricing having a greater impact than the brand manufacturer price inflation rate. But also, remember that we offered $1.60 to $1.90 range for those two items. We're bringing the overall company range down by less than that because we've got tailwinds in our view around our tax rate, around our share count, around our interest expense and so forth. So that's going to drive the delta between the two ranges that we're offering today.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Well, I think the view we have is sort of a year-to-date view. We have the same information that you have and probably the same visibility. And we're just guessing as to what manufacturers are likely to do going forward like everybody else. They control their pricing decisions, and we don't have much visibility into anything, other than their historic behavior. And their historic behavior, obviously, has been rising over the last several years. And if you go back before the more recent years, there's always been a level of – at least in our data, always been a level of inflation that has occurred.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Okay. And then when we think about the sell side pressure that you're talking about, is that a number that we can take and annualize into next year? And I think my point being is that, obviously, it's a (57:26) and when we think about the margin implication. Is it fair to assume that you just repriced that portion of the contracts that are perennial for this year, or have you also gone proactively to your customers and locked in contracts that are going to come up in the next year or two at a new pricing level?

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

On the sell side, it's a little bit more difficult to make projections because we're basically in a position where we are reacting to some extent and not being the people that are making the decision. I think that our view is that we have made a very significant change in our pricing practice to match where the market is today. And we, like I said to answer another question that was asked, we have seen this kind of event happen in the past as well and we didn't see a continuation of the event. And our objective is to continue to maintain our market share.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

Yeah, I think it's a difficult question to answer. But I think – I did try to at least bound the conversation around customer pricing, in that this is a pretty significant step-down, and we believe that that allowed us to maintain the relationships with our customers, given what was a pricing environment where we were higher-priced than where we needed to be, and that has occurred, and it's baked into the guidance that we have provided you, in terms of the range that we just refreshed. Now, I think to James' point, it's pretty early to speculate on what branded inflation might be next year, and what else might happen with our customer base. But we tried to give you as much visibility as we possibly can.

From McKesson (MCK) Q2 2017 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:01:11

I know you guys are on a short timeframe. Let me close this call, if I can, and let you know that – I know you share with us the disappointment in today's news. This is not what we had expected, and certainly not what we want. But despite this downward revision to our outlook, we do believe in and remain committed to the value we demonstrate every day to our customers and our manufacturing partners. And as I mentioned a few moments ago, we believe the increased competitive pricing activity does not build sustainable customer relationships or long-term shareholder value, and we are all about sustainable relationships, and creating long-term shareholder value.

From Medtronic's (MDT) CEO Omar Ishrak on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:11:40

Hi, good morning. Thanks for taking the questions. Omar, I was hoping you could help us out thinking into calendar '17, there has been some concerns with Trump being elected and a threat of an ACA repeal that volumes could suffer as there is either a transition or a formal repeal of the Affordable Care Act, can you help us think about that. And in the setting of the fiscal Q2 performance, the organic growth in the first half has been challenged and was just – one of the leverage you guys haven't pulled is pruning post the Covidien acquisition, any thoughts there in terms of accelerating that process or that initiative?

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

We expect revenue growth in the United States in the fourth quarter of this year versus fourth quarter of 2015. Formulary discussions for 2017 are nearly complete and we expect similar access in the United States for JANUVIA to what we've had this year. We've seen and expect to continue to see increased pricing pressure in the United States for JANUVIA but we are pleased by the continued strong volume growth, and thus far, we've been able to offset most of the pricing pressures. We remain confident in our diabetes franchise and we're pleased with our continued strength in this brand globally.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

Thank you. Assuming KEYTRUDA and ALIMTA as a combo won't be reimbursed soon, Roger and Adam, based on your interaction with physicians and payers considering the label and compendium listing, how are you expecting patients that are strong expressers, somewhat below 50%, to be treated in the near term – 35%, 40%, 45%, et cetera? And then on diabetes, Adam, can you talk more about the JANUVIA pricing pressure that you're seeing? What's driving it? And how sustained do you think it will be? Thanks.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

And, Gregg, with regard to JANUVIA, as I mentioned in my remarks, we expect to still have very good managed care coverage in 2017 that's consistent with what we had in 2016. So we will have good access. The pricing pressure in the United States, it's certainly increased over the last few years, and there's new in-class competitors that have had significant discounts. And every year, the rebates and discounts have increased, and the same time will be true in 2017.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

But at the same time with our strong position in terms of market share and our ability to grow our demand, in particular TRx volume, we've been able to offset most of the pricing pressures with the increase in demand. So I think that 2017 of course there'll be more pressure than 2016, but we're optimistic as we move into the year.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

Thanks for taking the questions. Just one related to pricing for Ken. Just on Proposition 61, Ken, which will be on the November 8 ballot in California as a proposed statute, just your thoughts on that proposal since it would create possibly a price ceiling on prescription drug cost paid by state programs, predominantly Medicaid. And can you just remind us what percent of your business is in Medicaid? Second question relates to the one asked by Jami. Can we just get an update on where you are on enrollment on KEYNOTE-189 and any thoughts on interim analyses on that program? Thanks.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

Great. Thanks very much. First one here just following up on John's question, more broadly on drug pricing and public scrutiny. Just seems like there's a lot more focus on drug pricing than any time in recent memory, whether it's Prop 61, the EpiPen hearings, et cetera. So maybe just a question for Ken. Just how do you see this playing out for the industry? Are you guys thinking about price differently than in the past? Should we be thinking about a more challenging pricing environment going forward? Would love to just hear your thoughts on that topic.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:01:24

As it relates to pricing, we also are very concerned about the whole issue of pricing and affordability for patients. It's a significant one. It's been amplified in this year's political season. We find it unfortunate that a lot of times the focus is on affordability and pricing rather than the long term benefit that these therapies provide.

From Merck & Co. (MRK) Q3 2016 Results - Earnings Call Transcript

Published on 2016-10-25 at 17:01:24

So from our perspective, we think that going forward we don't think these environmental pricing pressures will ease, and that's why we continue to focus on our strategy of investing in innovative R&D for products like KEYTRUDA because we think those are the kinds of products that will help Merck weather some of the pricing risks and pricing pressures that we will be facing as an industry going forward.

From Mettler-Toledo International (MTD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 02:43:31

Shawn has been a key contributor to many of our margin enhancement programs. For example, pricing has been an important profit driver for us and Shawn has led our efforts in pricing since the beginning. Shawn has also played an important role in helping effectively shape the resource allocation within the organization toward our strategic priorities of the fast growing, more profitable businesses. Shawn has worked closely with me to initiate our big data analytics programs. For the next 12 months we expect Shawn to continue to focus on his existing responsibilities and you will gradually see him more on the Investor Relations front beginning in about a year from now.

From Mettler-Toledo International (MTD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 02:43:31

Now to slide number eight. Let me walk you through the key items in our P&L for the quarter. Our gross margins were 56.8%, that's a 60 basis point improvement over the prior year amount of 56.2%. Pricing and material costs decreased as pricing increases and material cost decreases contributed to the improved margin, which was offset in part by some targeted investments in our service business as well as an unfavorable mix.

From Mettler-Toledo International (MTD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 02:43:31

Hi. Just a couple quick things. Good afternoon, by the way. Could you just dig into pricing here a little bit? Not just on this quarter, but also Bill, what kind of price? Did we trendline price out into 2017 when we talk about guidance?

From Mettler-Toledo International (MTD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 02:43:31

Yeah. We did. We run a couple different scenarios. So I think the good news on pricing is that the tools we have, the strategies we have, the products we get to apply pricing to continue to get better. But it is a lower inflation environment globally. That represents some different challenges, so I think kind of at a baseline level, I could imagine we maybe only do 150 bps next year. But I also see some upside in terms of Shawn and the team are putting together some new things in the area, for example of services, where I think we have some opportunity and also reaching out to some other countries. So I hope that there is a little bit of upside to that number too.

From Mettler-Toledo International (MTD) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 02:43:31

40 basis points, 45 basis points, something in that range up to 50 basis points depending kind of on how currency plays out, and also of course the comments on our pricing initiatives as well,

whether we do a little bit better than the 150 bps.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

Thanks, Kris, and welcome, everyone, and thank you for joining us this afternoon. Before we get into the specifics of the quarter, I'd like to provide some perspective on the current state of affairs. As we've stated many times, Mylan's great strength lies in our highly diversified and differentiated platform and the tremendous operational and commercial scale we've built over the last decade. This foundation is what allows us to continue to successfully withstand headwinds whenever and wherever they occur. Currently, those headwinds are originating in the U.S., where the healthcare system is undergoing rapid and extraordinary change. As we see, for instance, greater attention being paid to the complexity of pharmaceutical pricing and a rapidly growing number of high deductible health plans, which are shifting significant out-of-pocket cost to consumers.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

The Generic pricing environment was again consistent with our expectations and previous guidance. Tony will elaborate on this topic shortly. In Europe, sales totaled $842 million, a year-over-year increase of approximately 39% on a constant-currency basis. This strong result was mainly due to contributions from Meda, as well as stable pricing of our portfolio, and sales of new products. In Rest of World, sales totaled $670 million, a year-over-year increase of 20% on a constant currency basis. This strong growth was due in part to the contributions of Meda business in new expansion markets. We also saw volumes increase across the region, specifically as our HIV tender volumes improved and returned towards our expected levels. Additionally, Japan, Australia and the rest of emerging markets showed favorable sales on existing products as well as benefits of the new product introductions.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

Thank you, Rajiv. As Rajiv noted, we have continued to see growth across our global generic business, including in the U.S., where the pricing environment continues to be a topic of much focus. Throughout our history, we have seen many evolutions in our industry. However, our primary keys to success have remained constant: maintaining one of the industry's broadest portfolios, consistent execution of new product launches, and being able to reliably supply significant volumes to our customers. Because of this, our relationship with customers continue to not only remain strong but to thrive given the strength of our portfolio, our reputation for reliability, our shared excitement around our pipeline and our commitment to continuing to deliver high customer service levels.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

As we have said consistently, we continue to see pricing across our very broad generics portfolio to be in line with our expectations, with year-over-year price erosion in the mid-single-digits, including in the U.S. We continue to anticipate price erosion in the mid-single-digits for the remainder of the year. Our business model has never been premised on price increases for our growth, and this remains the case today. In fact, the generic industry is based on vigorous competition driven by supply and demand. Occasionally, prices increase due to market conditions, but in the vast majority of periods, our business has experienced a net deflationary price environment.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

Thanks, Tony, and good afternoon, everyone. Turning to our financial results, third quarter revenues grew to $3.1 billion, that's an increase of 13% over the third quarter of last year, and as Rajiv already noted, our Generics segment grew 17%, while our Specialty segment declined 4%. The generics pricing environment was consistent with our expectations, declining at a mid-single-digit rate overall in the quarter. The year-over-year impact of currency translation on our third quarter revenues was insignificant. Adjusted gross margins for the third quarter of 2016 were 57%. That's down approximately 100 basis points due to significant contribution from new products in last year's third quarter.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

Thanks, Ronny, for your question. Let me start with glargine. Yes, we are on track to file glargine for U.S. with the FDA and it will be in a very – over the next few months in a very short period of time. And yes, we remain on track to file both pen as well as vial. And your first question was about the pricing. We basically – we track our pricing across our global business, across our – including various markets, but even for – if I have to just take U.S., we believe – on a consolidated basis, we are still in the single-digits, in the mid-single-digits as far as the price erosion is concerned.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

It does feel that pressure is building across your portfolio, along with many of your peers. And many of your peers, as you know, this week have described a worsening pricing environment driven by consolidation of buyers, potentially a change because of the Teva/Allergan deal. So I'm just wondering if you could talk about the state of your business. Am I right that the business is about flat? Describe what's really changed. And how do we think about this business on a go-forward basis? Thanks.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

So, Jami, let me give you – thank you for the question. Let me give you – and it'll be kind of reiteration of points out of some of the prepared comments. We said that – Tony said that Generics pricing was down mid-single-digits overall, and he said the U.S. was relatively consistent with that. So that should give you kind of an indication of pricing. Meda contribution, we're not going to break out by region, but we did indicate that Meda for the quarter contributed about $330 million of revenue. But that's across the world. The third comment I would say is, is that, when we talked about North America, we said the third variable that you're looking for to kind of triangulate is excluding the impact of acquisitions, the business was – the volumes were relatively – the revenue was relatively flat.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

Thanks. Good afternoon. Same question or same line of questioning, maybe different data points. Probably maybe just best answered by Tony to start with. But with respect to expected growth in the Generics business, at the beginning of the year when you announced year-end numbers and the Meda acquisition, the global Generic business was expected to grow 20%. Year-to-date, it's up 12% year-over-year. Obviously, you have kind of stuck with the same metrics in terms of pricing realization in the U.S. market but it seems like something else isn't working or isn't going necessarily according to plan. So maybe you could just comment on price and volume trends in ex-U.S. markets versus expectations at the beginning of the year and also maybe a little bit further commentary on the new product cycle in the U.S. and sort of timing of realization of pipeline assets versus original expectations? Thanks.

From Mylan NV (MYL) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 03:17:15

And I would say, let me just, Elliott, go around the wall a little bit over here. We remain very confident with our business in the Rest of the World market, Australia, New Zealand, Japan and other emerging markets. We had some initial hiccups early in the year on our HIV tenders, which have come back to normal and we see that normalcy come back. Europe is, in fact, very stable, pricing is stable. Our EPD acquired products are doing very well from the growth perspective. And when you come to USA, it's about the diversity of this product mix, with the Mylan Institutional – with so many injectable products we have and so many other complex one. Yes, we said that this quarter there has been some challenge on the growth because previous year, this quarter we had some huge new product launch contributions like from products of Esomeprazole, Lidocaine, Bexarotene, and that's where you see that, this volume shift. But this has been like always, so this – we're not seeing anything different.

From Patterson Companies' (PDCO) CEO Scott Anderson on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:10:55

Our end markets are currently presenting us with some unique near-term challenges on both sides of our business. First, in our dental business, the soft but stable market conditions we experienced in our fiscal first quarter extended into our second quarter, and on the Animal Health side, we are experiencing the effects of consolidation among the branded pharmaceutical manufacturers. While we believe this consolidation dynamic is short-term in nature, it has resulted in a softer manufacture pricing environment, which has impacted our margins in the Animal Health segment.

From Patterson Companies' (PDCO) CEO Scott Anderson on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:10:55

Companion health markets continue to perform well during the quarter. As we mentioned last quarter, sales execution has been a significant priority for us and we are pleased to see substantial sales growth and share gains across the segment. This is certainly a reflection of our efforts to unify our sales teams and present one Patterson Animal Health segment to the market. However, we currently face a challenging pricing environment with branded pharmaceutical companies, which is the result of market consolidation. This is impacted our ability to translate the significant sales momentum into profit contributions we want to see.

From Patterson Companies' (PDCO) CEO Scott Anderson on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:10:55

Looking at segment margins, while we generated solid sales volume increases, that growth did not translate to the bottom line improvement. We are capturing market share although it's not at the profit margin we'd like. A reason for this is a more challenging environment related to branded pharmaceutical manufacturers' pricing trends, which contributed to an 80 basis point decline in operating margins during the quarter. We are implementing programs to respond to these challenges and remain focused on our customers along with disciplined execution and integration synergy capture.

From Patterson Companies' (PDCO) CEO Scott Anderson on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:10:55

Great. Thank you. And maybe just one more quick one to clarify that your comments on Animal Health around the pharma manufacturer pricing environment, were you referring to just maybe a more muted kind of inflationary trend on their part or is this more a change in the terms that you can buy those products from them?

From Patterson Companies' (PDCO) CEO Scott Anderson on Q2 2017 Results - Earnings Call Transcript
Published on 2016-11-22 at 23:10:55

Yes, absolutely. So if we think about what's changed in the marketplace and how those recent events are impacting our second quarter results, and then, the implications to 2017, you touched on two factors with unexpected changes in the marketplace that negatively impact the balance of the year. So there's the softness in the U.S. dental market. And then, challenges with branded pharmaceutical pricing in our Animal Health business.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

Obviously, price erosion is still a large concern industrywide. However, during the second half of the year, pricing remains in line with our expectations. The segment remains in a leading market position, and we continue to invest in our pipeline. Adjusted operating margins remain attractive. As I discussed earlier, we continue to assess the business and its role with Perrigo going forward.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

This year, adjusted gross profit margin was 35%. I'd like to remind you that last year was a record quarter for the segment, driven by strong product mix. On a comparative basis, this quarter's adjusted gross margins were lower due primarily to the absence of the product I just mentioned, pricing pressures, and the fact that many of the new product launches this year are partnered products, which means that gross profit dollars are shared with our supplier.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

Let me talk to you a little bit about pricing in this segment. As we've discussed in the past, in today's macroeconomic environment, our customers continue to look for value and ask that we pass our material cost efficiencies on to them. This isn't new. Our team has quietly and effectively fought this fight for years, working every day to meet our customers' needs for continually lower prices. In the quarter, this net effect has only slightly impacted adjusted gross profit margins, as we have been able to largely offset this with scale and efficiencies.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

And, Judy, can you talk about the gross margin outlook for the CHC business? And within that, just comment on the pricing that you mentioned. You mentioned an element that it's normal course. I just want to make sure there are no new pricing dynamics developing there that would affect your thinking on gross margin for that segment going forward. Thanks a lot.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

I would say the pricing on CHC, just where Judy talks about numbers and so forth, we always have pricing pressures. Our customers are always trying to seek the best value that they can get so that they can pass that on to consumers, and we're part of that good chain because we're always trying to reduce our costs as much as we can and trying to pass that on. So it ebbs and flows, but where those always stay in balance. But I think that's the goal, especially when you look at the Consumer business of how we balance our operational efficiencies, our costs, our procurement. All of those things align around, frankly, providing value to consumers and customers alike. And we've done a decent job and I believe we will be able to continue to drive that value. But, Judy, anything on the numbers themselves?

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

The only thing I would add to what John said with respect to forward-looking margin and pricing dynamics is that the operating teams indicated they anticipate this very competitive pricing landscape to continue overall. It's not just in our categories. I think anyone that follows retail and the dynamics that our important retail customers are going through themselves will know that everyone right now is striving very hard to find value and margin. So that dynamic continues, and the team does a good job.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

And then just as a corollary to that, a lot of companies have talked about another leg down in pricing that occurred post the end of calendar third quarter. I just want to get your color or perspective on that, if there's been any change at this point to the early read on 4Q. Thanks.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

So first of all, I'll hit the first one. When you look at the pharma space, et cetera, pricing again has always been a dynamic that's in there, although it's gotten more dramatic here recently, et cetera. The biggest way to offset that is through new products. You have to have a new product pipeline that is relatively strong and can offset those dynamics. We're pretty strong in the space. We have 27 ANDAs pending FDA approval, five Paragraph IV litigations, a number of active clinical studies. But keeping that pipeline, getting those products approved and launched becomes the way that you work to offset that pricing dynamic. And that continues to be a battle all the time, especially in this dynamic pricing environment we're in.

From Perrigo Plc (PRGO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-10 at 19:17:26

Yes, so first of all, on the generics space, certainly the consolidated number of buyers, the atmosphere right now on drug pricing, all those things that certainly have a dynamic on the pricing and what's been going on, I think there are times when scale certainly is beneficial. You're going in with a basket. I would say on the Rx side, especially in our categories, most of the buyers won't just buy a whole category from you or whatever; they are product-specific. So scale, while good because you've got a broader array of products to bounce any one price – price decrease, price concession off, they're still bidding, asking you for price, asking you if you want to bid on a product item by item. And so really, that part of it doesn't give you huge benefits from the scale. There is a spreading of risk that helps.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

Good morning, Ian. Perhaps you could talk a little bit about pricing in the U.S., specifically on Proposition 61? Most recent polling seems to show that if it were held today, it would pass. The industry's fighting it. Can you describe what you think the impact would be on innovation and pricing? What the difference between what – state agency pay versus the VA pay for Pfizer drugs? And then, separately, we've spoken a little bit about this, but some have pointed to the supply chain, specifically PBMs, as being part of the problem in lack of transparency. Do you agree? And do you think if the U.S. is willing to discuss price controls it should be willing to discuss PBM rebate controls? Thank you.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

So let me take that. This is going to take a little bit longer given the extent of your questions on this. Let's just deal in general with the pricing situation, and then we'll come back to the -

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

– the Prop 61. So look, obviously drug pricing affordability is an issue that is concerning to us and has clearly been amplified in this election cycle. There is considerable uncertainty and turmoil about both candidates' positions on these issues, and it's difficult to decipher between campaign rhetoric and legitimate policy views. It's been disappointing that this debate on pricing has completely neglected the other side of the ledger; that is the benefits and value added by the pharmaceutical industry. So while we understand the healthcare costs have been increasing for many patients, we disagree with the prevailing notion among some politicians that pharmaceuticals are the reason for these rising costs. And we believe that post the election cycle, good public policy will prevail.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

And then my second question is back to the pricing question. Clearly, Pfizer, along with many of your peers, have taken multiple price increases during the year; Pfizer is no exception. How do you see your ability to take price going forward? How should we think about contribution from price going forward? And also, if you could just break out what was price versus volume this quarter? Thanks very much.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

On the pricing issue, we've always priced responsibly. We've priced to the marketplace the value of our product, and on the affordability issue, we've always made provisions for patients who have no insurance or poor insurance to get our product for free or nearly free. So I don't believe that there's any reason for Pfizer to change its approach to the pricing of our products as we sit here today. Thank you.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

Hi. Thanks very much for taking my questions. First of all, on Enbrel, I wonder if you could just give us a bit more color on the market dynamics there for pricing and script switching in markets where you have biosimilars. Second, on Ibrance, I guess the prescription data is beginning to suggest that in the United States at least you may have reached a duration of therapy out there in the market. I wonder if you could maybe give us a bit more color of what duration of therapy looks like in first-, second-, and third-line patients. And then, just in general, sounds like you remain pretty committed on cardiovascular as a therapeutic area. Just how and when will we see you build that out further in terms of developing pipeline assets there? Thank you.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

On your question on price, so far of the limited pricing we have seen to date for Benepali, the discount levels are in line with our expectations, and we expect Enbrel's pricing to be competitive. In Norway or Denmark, where Benepali won national tenders, let me say Norwegians publish the outcome of their tender, and the Benepali won the tender with a 47% discount, while Enbrel have provided a 41% discount, but it is important to note that the tender process in Norway is not indicative by any means of the pricing practices and trends typically seen in other markets across Europe.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

Thanks for taking the questions. First question for you, Ian. It's been bantered about that there could be a repatriation bill. If there was one, what would the dynamics of that repatriation bill need to look like for you to consider repatriating some of the $80 billion that you have trapped offshore that you might potentially like to bring back to the States to put to use? Second question on pricing. I don't think – you answered Jami's question on price-volume and the contribution there, but just delving on pricing a little further, certainly McKesson and Cardinal have indicated that they expect significantly less price increases next year. Is your innovation product group and your established health group anticipating a similar level of increases to what they took in 2016, or less of increases, as been evidenced by what McKesson and Cardinal have said? And then lastly on Xeljanz, just any update on the European review on Xeljanz and the timing for potentially supplementing that with ulcerative colitis and the psoriasis data? Thanks.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

Sure. So, as you mentioned before, Ian, we have been, we are, we expect to continue to be responsible players when it comes to pricing. In terms of the absolute numbers, if you look historically, on a total company basis enterprise-wide, our pricing impact in any given year is plus or minus a range of low single digits. And that's what we're seeing again this year on the plus side, a low single-digit increase. And that's what we've seen historically; that's what we're seeing again this year. And obviously for 2017 – John asked about 2017. When we provide our 2017 guidance in January, we'll also talk about any major assumptions relative to pricing.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

Andrew, on the PBM question, Xtandi was being managed by Medivation, and we probably have more extensive and deeper relationships with the payers than Medivation. So that's one. Two, while I think that PBMs will take a hard look at what we they can achieve, you have to realize that there's a huge emotional content around oncology, and a huge impact on lives saved, value of life, months added. And even in countries like the UK, you've seen them have to react to outrage from the population over lack of access. So I think you'll see a good balance in our society between access and pricing and the efficacy of the drugs.

From Pfizer (PFE) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-01 at 20:41:13

On PBMs, I mean, we work with PBMs. They have played up to date a role in improving access and reducing cost to patients. I think the issue of the size of the rebates and the net pricing and the general focus on getting pricing transparency could have a marked change, but it would require legislative change. I don't think accident ledgers have changed. I think the market will be stable around the PBMs. It just depends what happens when the new administration and Congress is in and how much they want to get rid of this issue of having high gross prices and low net prices, which I think today we would say is a disservice to patients, especially those that are not insured or poorly insured. Mikael?

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

They're often running -- they contributed to growth in the quarter. We're optimistic about their prospects and also we've a good funnel with us. They made one comment that I would like to react to. We've been very, very careful to make sure that we described how this business affects the calculation of revenue per acquisition and what we've done carefully is to talk about in the script and I am sure Mark will provide some color, is that we actually provided in the script the unit price impact of this quarter to our performance and that is when you freeze all other characteristics of our business what the true pricing impact is on our business, where there is other characteristics of our business like and peer mix that affect the calculation of revenue per req.

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

And then just on the pricing side as you just explained, I guess I guess what I'm still grappling with is just understanding so on a test by test basis, is the price the same or is it lower in PLS right, because I would think you'd have more tests per acquisition on the hospital test than you would and the normal business.

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

And then finally on price, it is priced differently because it's not the commercial rates that we have for the core business, it's a negotiated direct rate with the hospital where we price it a way that we can save them money, and we can make a margin ourselves. So, it is different pricing, but not necessarily lower or higher, because we have pricing relationships all over the board for any given tasks depending on the situation.

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

Hi guys good morning. Mark wanted to start with the pricing comment that you made, you know the unit price headwinds they moderated 50 Bps in the quarter, were there any notable changes there, just less of a headwind for certain codes.

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

Jack, I think it underscores what we've said for many years now that we've being very disciplined and very thoughtful in our pricing to the market. We believe we have a great value proposition out there in the market. Our value proposition we believe is second to none. Just the value add and the chip price we charge for that and we want to continue to reinforce that going forward.

From Quest Diagnostics' (DGX) CEO Steve Rusckowski on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-20 at 18:30:04

Hi, this is [Archo] in for Amanda. I was wondering if you could give me some color on the relationship of esoteric testing and routine testing growth and then I guess the pricing in esoteric and what trends have you seen and then I've a follow on question after that.

From Regeneron Pharmaceuticals' (REGN) CEO Leonard Schleifer on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 18:07:15

We know that our industry has faced many important questions regarding pricing of drugs. This is not the forum to discuss the complex issue of drug pricing, but I think it is important to note that Regeneron is in a unique position. As the company founded on Science and committed to the research and development of important new products, we are well positioned to succeed even in a difficult and constrained pricing environment.

From Regeneron Pharmaceuticals' (REGN) CEO Leonard Schleifer on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 18:07:15

Oh, sorry. Can you hear me now? Yes, thanks. So on Sarilumab, so just putting me the manufacturing delay for the drug aside, there has been some news in the biologic space information recently Amgen sort of talking about running out of it’s sort of pricing runway. And we have actually seen from some of our own work, pretty strong evidence that other sort of newer biologics have been gaining traction for some time.

From Regeneron Pharmaceuticals' (REGN) CEO Leonard Schleifer on Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-04 at 18:07:15

Hey, thanks for the question. Maybe for Bob, On EYLEA pricing issue are aside - is EYLEA growth tampering a bit. We had thought that DME would be as big as A&D. What are the individual market dynamics, perhaps if you can give any color on that?

From Stryker (SYK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:31:12

In summary, our operating margin was 24.9% of sales in Q3, flat year-over-year, but up 64 basis points on a year-to-date basis. This performance reflects the positive results from our various CTG programs, continued cost control, and favorable accretion from acquisitions offset by business mix, pricing and foreign exchange.

From Stryker (SYK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:31:12

Hi, thanks, guys. Two questions. First, pricing in Orthopaedics down 2.2%. That was similar to the second quarter. So, I'm wondering if the new trend line for Orthopaedics pricing is now going to be in that 2% to 2.5% range. And then I had another follow-up on pricing.

From Stryker (SYK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:31:12

I think we feel comfortable from a total company perspective their pricing is going to be down in that 1.5%, 2% vicinity. It's been trending slightly less negative. Ortho, it seems relatively stable, but candidly, trying to predict that level of accuracy 50, 100 basis points moves in prices is really difficult. We have greater confidence and visibility when you look at the totality of the company because we have areas with less pricing pressure. And so we really try to focus on the total versus a specific line item where it can move around quarter-to-quarter.

From Stryker (SYK) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-28 at 03:31:12

Okay. And just as a follow-up to that. Pricing, again I look at it sequentially pretty stable, and now we're in the six months of CJR, so it seems like there's no impact to pricing. So, I'm curious as to what your thoughts are on the implementation of CJR and are you seeing any pricing pressures? Thank you.

From Thermo Fisher Scientific (TMO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 20:01:25

Yeah, hi, good morning. Thanks, guys. Marc, maybe just on pricing, obviously a mixed operating environment for interest and sales with industrial pretty choppy but pharma doing well. So can you maybe just touch on net pricing in the AI business and then what your expectations there are as we look out a bit?

From Thermo Fisher Scientific (TMO) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 20:01:25

Hi, Dan, this is Stephen. I'll take the pricing one. So we look at pricing in total for the company, and we're about 60 basis points of price. So it's very consistent with what we've seen for the rest of this year, and actually what we saw pretty much for all of last year. We're kind of lapping some of the things that we did in Japan in terms of the FX offsets, but that's going to be offset by some pricing actions we're taking in the UK as well. So pricing has been pretty consistent for us.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

Appreciate the early view on 2017 and you talked about being comfortable with consensus EPS which implies of about 14% year-over-year growth with potential for upside given the business momentum. When we adjust for the benefit of exiting the ACA individual market for next year, that growth looks closer to about 9% to 10%, if I'm doing the math right. Just curious in terms of how you think about the main headwinds and tailwinds year over year we should consider when thinking that growth rate relative to your long term growth expectations.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

First, to the enrollment. So on the enrollment front, we ended the quarter with 770,000 Exchange lives and another 210,000 Off the Exchange rate, so on a combined basis, our individual ACA block was just under a shade under 1 million lives at the end of the quarter. When you look at the performance inside the quarter, I would tell you that, as you pointed out, nothing has really changed on the ACA front and that's a good thing.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

Medicaid has been a very significant success of the ACA and wherever that has played out, those markets have actually been more stable and better performing. And Medicare continues to be a core program of the country and that funding for both Medicare and Medicaid is something that we have been advocating consistency and stability of it.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

It sounds like with that 80.3% on the loss ratio, your Commercial Group underwriting spread seems like it's pretty stable. You sound confident on the cost trend. Any thoughts on the trends you're seeing in the selling season on pricing as the Blue Cross Blue Shield seem to have to expand on Exchanges and maybe sustaining more losses. Is that influencing their pricing posture? And then secondly, on the self-insured side, what are the mix shifts doing and is that, in any way, impacting the price competition in fully insured?

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

I'm not sure I can piece that question together fully. I think it's really around pricing. We're not going to comment really about others or what others might be experiencing but we can kind of give you some commentary with respect to what our pricing philosophies are. And I think we're in pretty good shape as it relates to the coming years. So, Jeff?

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

I will comment on what we see in the marketplace in general and I'll just say what we see in the marketplace in general is affirming of pricing particularly in the fully insured which has helped us to grow because of our remaining -- our historical discipline in pricing continues. We always price our businesses to our view of our forward-cost trends and as you look back into our 2014 year, that -- we took some losses because of that discipline and now as those markets begin to firm again, we're growing in those marketplaces.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

We're not seeing anything unusual in terms of the pricing environment.

From UnitedHealth Group's (UNH) CEO Stephen Hemsley on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-18 at 20:39:04

There have been a couple of criticisms of late which I think your quarter results -- congratulations to everyone. It kind of puts it that, but I'm going to ask this question anyway, because it comes up from time to time. So obviously, it's not possible for UnitedHealthcare to win all of this business on its merits but rather, it must be under pricing and therefore, must be crushing its margin.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

So, our original guidance for 2016 for our behavioral business, same store behavioral business was 5% revenue growth, which was - the implied metrics for that was 3% to 4% volume growth and 1% to 2% pricing. I think for the most part, we’ve been hitting those pricing targets, so this really is a volume issue. And so when you parse those numbers, we are somewhere 200, 250 basis points short of volumes from where we thought we would be.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

As the benefits of the ACA have started to anniversary, we are not continuing to get the benefit from increased Medicaid expansion. Continued commercial enrollment, as a matter of fact, I think we are seeing some level of disenrollment as premiums rise and other factors occur.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

And I think it's also worth noting that we've said from the outset that I think that ACA has had a relatively minor impact on the behavioral business. And so again, I think to the degree that there is disruption in the markets, that there is disenrollment, that there is a limiting number of payers remaining, I don't think that's going to have a measurable impact on us.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

Yes, look, Ana, and I never like to boldly say we're 100% confident of anything, but if you look, as I have suggested before at the last four or five acute care quarters, even in what I think about, is I think about the third quarter of 2015 really being the beginning of, I'll call it, the post-ACA era where the bulk of the ACA impact had already been realized, et cetera. If you look at our acute care revenue growth in those four or five quarters subsequent to that, we've been pretty consistently posting, again, at least that 6% revenue growth, which has been split pretty evenly between volume and price, and in fact, in many quarters, including this most recent quarter, we've been exceeding that.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

And then on the pricing side, the volumes were strong. You alluded to the 6%. With the mix shifting, it seems like a little bit at least from commercial to Medicare and the shift in the commercial itself to lower-price sites of service, is that pricing growth as well sustainable? I know it is the outlook, finally, on your managed care contracts, and all of that put together on pricing.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

Right, so just to be clear, the 6% was overall revenue growth, and that was split pretty evenly between volume and price. If you look it, revenue per admission in the third quarter per adjusted admission increased by 3%. Yes, I think that is based on acute care commercial pricing growth in the 4% to 6% range. I think we have been hitting those numbers pretty comfortably and don't see that changing dramatically anytime soon.

From Universal Health Services' (UHS) CEO Alan Miller on Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-30 at 13:36:02

Sorry. Steve, was just asking about Horizon Health behavioral contract management business that you have. That was an organization that had a lot of pricing pressure over the years. Just wondering if you are trying to leverage the infrastructure with Horizon as you pursued joint ventures and other transactions with hospitals and what the pricing has been within that industry, and is that business really helpful as you pursue these conversations?

From Varian Medical Systems (VAR) Dow Wilson on Q4 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 02:38:06

If I could just add to that Tycho, in terms of the top-line growth for oncology, the good news is pricing is holding globally and we have seen significant product cost reduction, we have basically obsoleted the C Series and moved everyone on to the TrueBeam platform. And I think this margin improvement, you have seen the last couple of quarters and oncology is sustainable going forward. So We are kind of moving them up to 44% to 45% gross margin level and so obviously even at the top-line is off a point or so, we make up a lot of that difference in the margin improvement that we are seeing there.

From Varian Medical Systems (VAR) Dow Wilson on Q4 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 02:38:06

And so I think, this bodes well for us next year in two ways, one it’s an upgrade opportunity and two it’s going to help us on pricing on TrueBeam. We are going to be able to maintain or grow price on TrueBeam and I think that’s a little bit, We are doing very well on the cost side.

From Varian Medical Systems (VAR) Dow Wilson on Q4 2016 Results - Earnings Call Transcript
Published on 2016-10-27 at 02:38:06

Where is this margin rate improvement coming from are doing very well on the cost side the operational team has done a fabulous job getting cost down on TrueBeam. But then as well We are seeing a really nice mix of these advanced capabilities that are giving us some price support on the pricing side.

From Vertex Pharmaceuticals (VRTX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 02:55:13

We expect our first pricing agreement in a major European market to come in Germany this December. Pricing and reimbursement approvals for patients eligible for ORKAMBI outside of the U.S. are expected to drive significant revenue growth in 2017.

From Vertex Pharmaceuticals (VRTX) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-26 at 02:55:13

Hey, Geoff. In terms of pricing principles, obviously, we can't comment on the pricing of future products, but I'll talk to our pricing principles overall, which have been very consistent for how we priced KALYDECO and ORKAMBI and the two primary drivers and really the number of patients that we're able to benefit with our medicines, and then the level of clinical benefit or value that we're able to bring. And I think, you've seen that we adhere to those principles with ORKAMBI and whilst we don't have formal pricing agreements in place across Europe, yet, you have seen with the list prices of ORKAMBI that they are lower than they are for KALYDECO, which reflects the fact that clearly ORKAMBI is – has a much wider eligible patient populations despite the fact that medicine has two different components within it. So, I think you can expect that we'll be adhering to those pricing principles as we bring next-gen correctors and other medicines to market for eligible CF patients.

From Waters (WAT) Q3 2016 Results - Earnings Call Transcript
Published on 2016-10-25 at 17:05:14

We're extremely vigilant about trying to understand that and feel that whenever there is sign of life in those markets that we're going to do very, very well. That particular instrument product line actually gives us new capability, increasing pricing power, actually better margins. And so, we're actually in the general sense quite optimistic about the performance of TA and giving that particular product line a lot of support right now and just trying to manage our way through a little softer end market.

From Zoetis (ZTS) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 18:19:14

Hi. Thanks for taking my question. My question here is on livestock. How should we think about Zoetis' ability to grow livestock sales through pricing pressures in the U.S. for cattle? And can you provide more details on the herd size, U.S. feed lot sales, and producer profitability and the puts and takes here? Thanks.

From Zoetis (ZTS) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 18:19:14

Thank you, Louise. It's Juan Ramón. Well, on the question on the livestock and how we plan to grow this business in price or other volume growth, definitely, we'll continue applying the same strategy in terms of pricing that can be justified through outcome and providing the value to our customers. We continue having these prices vary constantly over the years, and we also plan to continue increasing these prices in the future.

From Zoetis (ZTS) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 18:19:14

Thank you for your questions. Hi, Jonathan (42:02). Let me start with the comment on the protein pricing and how this can be affecting our business. So, we have seen that these prices are going up and down, it is part of cycles that has been affecting our industry for decades. And we have been managing that very well, this situation. We saw prices going down for poultry, and then the next cycle, going up. It always depend on the supply. The demand continue growing, and it is something that will help the industry to continue generating more revenues.

From Zoetis (ZTS) Q3 2016 Results - Earnings Call Transcript
Published on 2016-11-02 at 18:19:14

And then secondly just a broader question on pricing trends, as you look into 2017, can you remind us what you're pricing expectations are, both U.S. and O-U.S. and whether there's been any change from 2016? Thank you.