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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 1-31312

MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
(Full title of the plan)

MEDCO HEALTH SOLUTIONS, INC.
(Name of issuer of the securities held pursuant to the plan)

100 Parsons Pond Drive, Franklin Lakes, NJ
(Address of principal executive offices)

07417-2603
(Zip Code)

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FINANCIAL

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
ANNUAL REPORT ON FORM 11-K**

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Report of Independent Registered Public Accounting Firm

To the Participants and Employee Benefits Committee of the
Medco Health Solutions, Inc. 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Medco Health Solutions, Inc. 401(k) Savings Plan as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Medco Health Solutions, Inc. 401(k) Savings Plan as of December 31, 2006 and 2005, and the changes in its net assets available for benefits for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the 2006 basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 J.H. Cohn LLP

J.H. Cohn LLP
Roseland, New Jersey
June 21, 2007

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

ASSETS	December 31, 2006	December 31, 2005
Investments at fair value	\$ 620,995,961	\$ 524,571,090
Loans to participants	13,768,602	11,951,210
Total investments	<u>634,764,563</u>	<u>536,522,300</u>
Receivables:		
Participants' contributions	-	1,244,891
Employer's contributions	4,814	824,617
Total receivables	<u>4,814</u>	<u>2,069,508</u>
Net assets available for benefits	<u>\$ 634,769,377</u>	<u>\$ 538,591,808</u>

The accompanying notes are an integral part of these financial statements.

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	Year Ended December 31, 2006
Additions to net assets attributed to:	
Investment income	
Net appreciation in fair value of investments	\$ 47,925,702
Interest	848,906
Dividends	4,693,301
	53,467,909
Contributions	
By participants	53,597,845
By employer	23,672,705
Total contributions	77,270,550
Total additions	130,738,459
Deductions from net assets attributed to:	
Benefits paid to participants	(34,560,890)
Total deductions	(34,560,890)
Net increase	96,177,569
Net assets available for benefits for 2006:	
Beginning of year	538,591,808
End of year	\$ 634,769,377

The accompanying notes are an integral part of this financial statement.

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS**

1. DESCRIPTION OF THE PLAN

The following description of the Medco Health Solutions, Inc. 401(k) Savings Plan (the "Plan") provides only general information. More complete information regarding the Plan's provisions may be found in the Plan document.

General

The Plan is a defined contribution plan covering substantially all employees (other than certain employees subject to collective bargaining agreements) of Medco Health Solutions, Inc. ("Medco" or the "Company") who have attained the age of twenty-one. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan is administered by the Employee Benefits Committee ("EBC"), which is appointed by the Board of Directors (the "Board") of the Company. The EBC periodically evaluates the Plan's design. The Retirement Investment Committee, also appointed by the Board, is the named fiduciary responsible for selecting and monitoring the investment options offered under the Plan. Fidelity Management Trust Company ("Fidelity") is the trustee of the Plan.

Contributions

Effective January 1, 2005, the Plan's limit on employee contributions increased from 15% to 50% of eligible compensation, subject to certain limitations under the Internal Revenue Code ("IRC"). Employee contributions were limited to \$14,000 in pretax contributions for 2005, \$15,000 in pretax contributions for 2006, and will be limited to \$15,500 in pretax contributions for 2007. Participants may direct the investment of their contributions into various investment options offered by the Plan, with a minimum investment of 1% in any investment option. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company matches 100% of employee contributions for the first 3% of base compensation deferred and 50% of employee contributions for the next 3% deferred. Participants direct the investment of all Company matching contributions in any of the available investment options. Also, the Economic Growth and Tax Relief Reconciliation Act of 2001 permits "catch-up" contributions that are designed to provide employees age 50 and over with an additional pretax retirement savings opportunity. As such, eligible participants in the Plan were allowed to contribute an additional \$4,000 for 2005 and an additional \$5,000 for 2006. The catch-up contribution maximum remains at \$5,000 for 2007.

The decrease in total contributions receivable from \$2,069,508 at December 31, 2005 to \$4,814 at December 31, 2006 resulted from the timing of wire payments from the Company to Fidelity.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contribution and charged for certain administrative expenses. Investment gains (or losses) are also reflected in the value of each participant's account based on the Plan's investment results.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Effective January 1, 2005, Company contributions held in participants' accounts vested immediately and thereafter all Company matching contributions are fully vested upon contribution.

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS**

Forfeited Accounts

The Company no longer has any forfeited non-vested accounts. This reflects the immediate vesting of Company contributions effective January 1, 2005. Throughout 2005, the Company utilized forfeited non-vested accounts to reduce future Company contributions. During 2005, \$3,379,308 of the Company's required matching contributions were funded through the utilization of funds from forfeited non-vested accounts.

Participant Loans

Participants may borrow from their account balances with interest charged at the prime rate plus 1%. Loan terms range from one to five years or up to 30 years for the purchase of a primary residence. The minimum loan is \$1,000 and the maximum loan is the lesser of \$50,000 less the highest outstanding loan balance during the one year period prior to the new loan application date, or 50% of the participant's vested account balance less any current outstanding loan balance.

Payment of Benefits

In-service (which include hardship withdrawals) and termination distributions are made throughout the year in accordance with applicable Plan provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting.

Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Because of the uncertainty inherent in such estimates, actual results could differ from these estimates.

Investment Valuation and Income Recognition

Investment income from the Plan includes interest, dividends and net appreciation in the market value of investments. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. The Medco Common Stock Fund is recorded at fair value based on quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end.

Participant loans are valued based on their outstanding balances, which approximate fair value.

Payment of Benefits

Benefits are recorded when paid.

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS**

Risks and Uncertainties

The Plan provides for various investment options in investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets as of year-end:

	December 31, 2006	December 31, 2005
Medco Common Stock Fund	\$ 72,160,032	\$ 66,571,440
International Stock Fund	59,416,285	37,892,035
US Large Cap Stock Fund	138,885,545	126,176,551
US Mid Cap Stock Fund	39,409,041	30,356,232
US Small Cap Stock Fund	90,544,931	74,972,468
Money Market Fund	102,917,231	94,829,051
S&P 500 Index Fund	35,603,499	27,192,618
Bond Fund	39,160,477	37,122,053

During 2006, the Plan's investments, including gains (losses) on investments bought and sold, as well as held during the year, appreciated in value by \$47,925,702 and include the following components:

	December 31, 2006
Mutual funds and commingled and separately managed trusts	\$ 35,923,433
Common stock	12,002,269
	\$ 47,925,702

4. RELATED PARTY TRANSACTIONS

Certain Plan investments are managed by Fidelity. Because Fidelity is the trustee, these transactions qualify as party-in-interest transactions.

Medco is a party-in-interest to the Plan under the definition provided in Section 3(14) of ERISA. Therefore, Medco Common Stock Fund transactions qualify as party-in-interest transactions.

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

6. TAX STATUS

The trust established under the Plan is qualified under the IRC as exempt from Federal income taxes and the Plan received a favorable determination letter from the Internal Revenue Service on August 20, 2003 indicating that it had been designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan's administrator and the Plan's counsel believe that the Plan is currently designed and being operated in compliance with the applicable

**MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS**

requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

MEDCO HEALTH SOLUTIONS, INC. 401(k) SAVINGS PLAN
EIN# 22-3461740 Plan# 003
Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2006

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
*	Medco Common Stock Fund	Common Stock		\$ 72,160,032
*	Fidelity Investments as custodian:			
	Aggressive Investor Fund	Mutual funds and commingled and separately managed trusts		18,769,318
	Conservative Investor Fund	Mutual funds and commingled and separately managed trusts		2,872,382
	International Stock Fund	Mutual funds and commingled and separately managed trusts		59,416,285
	Moderate Investor Fund	Mutual funds and commingled and separately managed trusts		21,257,220
	US Large Cap Stock Fund	Separately managed trusts		138,885,545
	US Mid Cap Stock Fund	Commingled trust		39,409,041
	US Small Cap Stock Fund	Mutual funds and commingled trust		90,544,931
	Money Market Fund	Mutual fund		102,917,231
	S&P 500 Index Fund	Mutual fund		35,603,499
	Bond Fund	Mutual fund and commingled trust		39,160,477
	Participants' Loans	Interest rates ranging from 5.0% to 10.5% and with maturities through 2036		<u>13,768,602</u>
		Total		<u>\$ 634,764,563</u>

* Denotes a party-in-interest to the Plan.

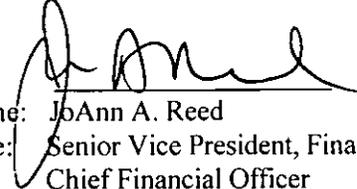
** Cost is not required for participant-directed investments.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Employee Benefits Committee have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 20, 2007

**MEDCO HEALTH SOLUTIONS, INC.
401(k) SAVINGS PLAN**

By: 

Name: JoAnn A. Reed

Title: Senior Vice President, Finance and
Chief Financial Officer
Medco Health Solutions, Inc.
Member, Employee Benefits
Committee

Index to Exhibits

<u>Number</u>	<u>Description</u>
23.1	Consent of Independent Registered Public Accounting Firm

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 filed on August 18, 2005 (Commission File No. 333-127664) and August 13, 2003 (Commission File No. 333-107936) of Medco Health Solutions, Inc. of our report dated June 21, 2007 relating to the statements of net assets available for benefits as of December 31, 2006 and 2005 and the related statement of changes in net assets available for benefits for the year ended December 31, 2006, which appear in this Annual Report on Form 11-K.

J.H. Cohn LLP

J.H. Cohn LLP
Roseland, New Jersey
June 21, 2007

END