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XXXXXXXXXX VS. XXXXXXXXXXXX
CASE NO. XXXXXXXXXXXXXXXXX
DEPOSITION SUMMARY OF XXXXXXXXXXXXXXXX
JUNE 27, 2002
VOLUME 3

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EXAMINATION BY MR. XXXXX:

- 414:20 **EXHIBIT 38 / E-MAIL TO XXXXXXXXXXXX**
416:3 Deponent William XXXXXXXXXXXX (XXXXXXXXXX) recognizes the document previously marked as Exhibit 38, which is an e-mail dated 3/7/2001 addressed to XXXXXXXXXXXX. XXXXXXXXXXXX recalls discussions with Ms. XXXXXXXXXXXX regarding fair rate for XXXXXXXX re XXXXXXXXXXXX contract.
- 416:4 **EXHIBIT 38 / TARGET FOR PERCENT OF CHARGES**
417:22 The referenced target of 43% of the charges was probably set in discussions between XXXXXXXXXXXX and XXXXXXXX; XXXXXXXXXXXX does not recall analysis of percent of charges that XXXXXXXXXXXXXXXXXXXX (XXXX) was receiving from other payors on the Medicare product during XXXXXXXXXXXX negotiations, but the best estimate was what XXXX should have been receiving on the regular fee-for-service Medicare patients, or XXX. The rate fluctuates all the time, but XXXXXXXXXXXX is certain that the 43% specified approximates what the Medicare XXXXX percentage should have been at that time.
- 417:23 **EXHIBIT 38 / FULL COST COVERAGE FOR MEDICARE CONTRACT**
419:25 XXXXXXXXXXXX recalls having discussions with Ms. XXXXXXXX regarding not asking for additional dollars on the Medicare contract. They were satisfied with the agreed-upon rate even though it did not appear to cover full costs due to the fact that they thought that fixed costs would go down with the additional volume of the XXXXXXXXXXXX contract. XXXXXXXXXXXX does not know if the final Medicare rates covered full costs at the time of the agreement, but as of today, analysis shows that it does.
- 420:1 **ANALYSIS OF XXXXXXXXXXXX CONTRACT PROFITABILITY**
421:6 Since XXXXXXXXXXXX's first day of deposition, he has done an analysis of whether the XXXXXXXXXXXX contract has been profitable for XXXX. He is still trying to determine the profitability overall for the XXXXXXXXXXXX commercial contract.

421:7 **EXHIBIT 38 / RATE LIMITS IMPOSED BY XXXXXXXXXX**
422:17 XXXXXXXXXX believes that XXXXXXXXXX told XXXXXXXXXX during negotiations that they had a rate limit, and that the only way they could give XXXXXXXXXX a higher rate was if they gave a lower rate to the XXXX. He cannot speak to the converse of this statement, and does not recall the meaning of the reference in Exhibit 38 to medical loss ratio.

422:18 **EXHIBIT 134 / DECISION SUPPORT REPORT**
424:5 Counsel marks as Exhibit 134 a document that XXXXXXXXXX recognizes in format; he describes said document as a report issued by XXXXXXXXXX's decision support department. He does not recall if he saw this particular document before. The document purports to show an attempt to analyze revenues, costs and profitability associated with certain contracts, and is typically generated by the decision support department.

424:6 **EXHIBIT 67 E-MAIL RE XXXXXXXXXX NEGOTIATIONS – 3/15/2001**
425:1 XXXXXXXXXX recognizes Exhibit 67, but does not know if he first received this e-mail on or about 3/15/2001. XXXXXXXXXX does not recall speaking to XXXXXXXXXX of XXXXXXXXXX on 3/15/2001, but does recall briefly stepping in to handle the XXXXXXXXXX negotiations while Ms. XXXXXXXXXX was in the hospital.

425:2 **EXHIBIT 67 / RISK SHARING / CAPITATION DISCUSSIONS**
426:17 XXXXXXXXXX does not recall an impasse between XXXXXXXXXX and XXXXXXXXXX as to capitation or risk sharing due to the fact that he consistently communicated that XXXXXXXXXX would not seriously consider taking a cap rate for the commercial product. XXXXXXXXXX recalls discussing outpatient cap with Ms. XXXXXXXXXX, but not risk sharing. He does not recall reviewing or analyzing the Exhibit 67 e-mail when he received it.

426:18 **EXHIBIT 68 / AGREEMENT WITH XXXXXXXXXX**
427:23 XXXXXXXXXX recognizes Exhibit 68, and his signature dated 3/16/2001 thereon. XXXXXXXXXX does know if the Exhibit 68 document represents the final deal reached between XXXXXXXXXX and XXXXXXXXXX.

427:24 **EXHIBIT 68 / SANCTIONS FOR ELECTIVE ADMISSIONS TO NON-CONTRACTING FACILITIES**
432:20 The XXXXXXXXXX provision regarding sanctions originated with XXXXXXXXXX; it pertains to XXXXX IPA's policy for \$1,000 in sanctions should an IPA physician admit a XXXXXXXXXX patient to a non-covered facility. XXXXXXXXXX felt that if XXXXXXXXXX were to be at risk to XXXXXXXXXX, that he needed to make sure that the IPA sanctioned their physicians for elective admissions to the XXXXXXXXXX facility; this was an issue only as to XXXXXXXXXX, as XXXXXXXXXX was agreeing to capitation on that piece with a floor of 12.25 per day. XXXXXXXXXX discussed this issue with XXXXXXXXXX IPA CEO XXXXXXXXXX, who agreed to pay XXXXXXXXXX \$1000 if the IPA physicians were to send elective admissions to a non-contracting hospital. It was then IPA's decision whether or not to sanction the individual doctor in this regard.

432:21 **EXHIBIT 70 / E-MAIL FROM XXXXXXXXXXXX TO XXXXXXXXXXXX, 3/16/2001**
434:4 XXXXXXXXXXXX recognizes the Exhibit 70 e-mail that he sent to Vickie XXXXXXXXXXXX on or about 3/16/2001. XXXXXXXXXXXX was concerned with the Medicare language in that at the end of the contract period XXXXXXXXXXXX would indeed have been paid 12.25 for every patient day at XXXXXXXXXXXX; XXXXXXXXXXXX assured XXXXXXXXXXXX that this would be the case.

434:5 **EXHIBIT 70 / METHOD & RESULTS FOR XXXXXXXXXXXX CAPITATION**
437:1 **CONTACT**
When you take total capitation revenue minus all payments to non-XXXXXXXXXX parties (i.e. XXXXXXXXXXXX, ambulance company, stop loss insurance etc.), and divide the net number by the total inpatient XXXXXXXXXXXX days at XXXXXXXXXXXX, the number needs to total at least 12.25. This has in fact occurred.

437:2 **FILING WITH DEPARTMENT OF MANAGED HEALTH CARE**
438:2 XXXXXXXXXXXX supplied information upon request for XXXXXXXXXXXX's filing with the Department in order to get the contract between XXXXXXXXXXXX and XXXXXXXXXXXX approved; he does not recall the specific info provided, and does not recall seeing the XXXXXXXXXXXX filing in draft or final form.

438:3 **EXHIBIT 6 / CORPORATE AFFAIRS COMMITTEE MEETING OF 4/3/2001**
439:13 XXXXXXXXXXXX believes that he attended the meeting of the Corporate Affairs Committee on 4/3/2001 as detailed in the Exhibit 6 document at page 2055. XXXXXXXXXXXX gave a financial report for 2/2001; he believes he was present for the executive meeting but does not recall discussion of the XXXXXXXXXXXX contract, the importance of the need for XXXXXXXXXXXX to outperform the competition, or discussion of a bed shortage.

439:14 **EXHIBIT 6 / CORPORATE AFFAIRS COMMITTEE MEETING OF 6/5/2001**
440:24 XXXXXXXXXXXX recalls that he attended a meeting of the Corporate Affairs Committee on 6/5/2001 as indicated on Exhibit 6, page 2067. He does not recall XXXXXXXXXXXX's discussion on the XXXXXXXXXXXX contract. The discussion of retention of more than 50% refers to the fact that XXXXXXXXXXXX has retained more than 50% of the plan enrollees.

440:25 **NO CHANGE TO PLANS RE CAPACITY**
442:16 XXXXXXXXXXXX is not aware that XXXXXXXXXXXX has turned away any patients for lack of capacity or space; he is not aware that expenses were greater than anticipated in this regard. XXXXXXXXXXXX was unaware that XXXXXXXXXXXX had anticipated any adjustments to plans for increased capacity as a result of the XXXXXXXXXXXX contract.

442:17 **EXHIBIT 21 / STRATEGIC PLANNING DOCUMENT**
443:17 XXXXXXXXXXXX does not recall seeing the document previously marked as Exhibit 21 on or about 7/2000. Strategic planning head XXXXXXXXXXXXXXXX would be the better person to ask about this document.

End of Transcript.