

TESTIMONY OF JACKIE BUTTERBAUGH

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In the United States Federal District Court for the District of Idaho

Saint Alphonsus Medical Center-Nampa, Inc., et. al. v. St. Luke's Health System Ltd., et. al.

Case No. 1:12-cv-00560-BLW

Page Range: 6:17-6:19

6:17 Q. Could you state your full name for the
6:18 record, please.
6:19 A. Jackie Butterbaugh.

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7: 2 So let's start right in. What's your
7: 3 occupation?
7: 4 A. I'm the director of contract network
7: 5 development and network management for managed care
7: 6 services of Imagine Health.
7: 7 Q. How long have you worked at Imagine
7: 8 Health?
7: 9 A. Six years.
7:10 Q. What is Imagine Health?
7:11 A. Imagine Health is a managed care company.
7:12 We develop and manage preferred provider organization
7:13 network for health insurance for self-funded employers
7:14 and also narrow networks of physicians and hospitals,
7:15 again, on behalf of self-funded employer groups.
7:16 Q. Before I get into the specifics of that,
7:17 how long have you been at Imagine? Did you say six
7:18 years?
7:19 A. Six years.
7:20 Q. I may have asked that, sorry.
7:21 How long have you worked in health care?
7:22 A. About 22 years.
7:23 Q. What kinds of responsibilities have you
7:24 had in your other health care positions?
7:25 A. Really pretty much along the same lines:
8: Page 8
8: 1 Provider relations, network contracting, the same
8: 2 thing basically I'm doing now.

Page Range: 8:17-9:22

8:17 Q. You talked about a PPO network -- or PPO
8:18 networks and narrow networks. So my next question is:

8:19 What are they and what's the difference?

8:20 A. A PPO network is a -- as I said, it's an
8:21 acronym. It's a business of acronyms. But it's
8:22 preferred provider organization which generally
8:23 includes most of or a majority of physicians and
8:24 hospitals in a given area that are contracted to be
8:25 part of a network.

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9: 1 A narrow network is described as a type
9: 2 PPO network, only it's narrower in scope. It
9: 3 generally doesn't include as many of the physicians
9: 4 and hospitals in a service area as a standard PPO
9: 5 would.

9: 6 Q. What's a high performance network?

9: 7 A. A high performance network would be a
9: 8 network that -- at least in our model and in a
9: 9 business we would phrase a high performance network as
9:10 physicians and hospitals that are prescreened or
9:11 reviewed for higher quality levels compared to their
9:12 peers within the local marketplace. So high
9:13 performing physicians and hospitals.

9:14 Q. So you said "in our model". So I assume
9:15 that meets in Imagine's models; is that correct?

9:16 A. Yes.

9:17 Q. So what is the Imagine model that involves
9:18 high performance networks?

9:19 A. It's physicians within the community that
9:20 perform better than their peers or the hospitals that
9:21 would perform better than their peers in providing
9:22 medical care and medical outcomes.

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9:23 Q. So who are Imagine's customers?

9:24 A. Employer groups that self-fund their
9:25 insurance plans. So they don't buy insurance premium

10: Page 10

10: 1 or insurance coverage from a carrier, but they
10: 2 self-fund their insurance plan. So they're large
10: 3 employers.

10: 4 Q. Okay. So we've jumped into definitions
10: 5 maybe out of order. Can you describe just briefly,
10: 6 you know, what it is Imagine does for its customers,
10: 7 for these self-funded employers?

10: 8 A. We build these narrow networks or a PPO
10: 9 network, you know, given the employer, on behalf of
10:10 those employers and they access our network for their

10:11 health care services for their employees.
10:12 Q. So would this be an alternative to using a
10:13 Blue Cross or Blue Shield?
10:14 A. Yes.

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17:22 A. Well, we think we're elevating health care
17:23 quality. It's putting health care in more of a
17:24 competitive landscape. These employers are purchasing
17:25 health care services and putting out a competitive

18: Page 18

18: 1 field for them.

18: 2 It's like purchasing tires or Toyota is
18: 3 building tires they purchase tires, they purchase it
18: 4 in major quantities so they think they can demand a
18: 5 good price on the competition than a bid against
18: 6 Michelin for the price for Toyota.
18: 7 So it allows the employers to go out and
18: 8 hopefully put together a competitive situation where
18: 9 they'll be able to save extra dollars.

18:10 We also think that through our quality
18:11 review process up front in selecting the higher
18:12 quality physicians and hospitals that we're also able
18:13 to help the employers direct their employees to the
18:14 right physicians and right hospitals to have better

18:15 quality outcomes for their members and, you know, a
18:16 better health care experience.

18:17 Q. Has this Imagine program generally been
18:18 successful or unsuccessful, in your view?

18:19 A. It's been successful, yes.

18:20 Q. In what cities has Imagine been offering
18:21 this program?

18:22 A. San Antonio, Texas; we have a network in
18:23 Albuquerque, New Mexico, Boise, of course. We've
18:24 recently developed networks in Chicago, Illinois and
18:25 Houston, Texas and Dallas, Texas as of now.

19: Page 19

19: 1 Q. Planning to go into other cities as well?

19: 2 A. Yes.

19: 3 Q. When you go into a particular city, is
19: 4 your goal to just do this with one employer or with
19: 5 multiple employers?

19: 6 A. It's a model that would fit multiple large
19: 7 employers.

19: 8 Q. So do you try to get multiple employers to
19: 9 utilize the network that you build?

19:10 A. Yes.

19:11 Q. Have you been successful in doing that in
19:12 some cities?

19:13 A. We have been, yes. We've been running
19:14 this for about six years now and our first network was
19:15 in San Antonio, Texas and we've been able to develop
19:16 that. And over time we've developed employers for
19:17 Toyota

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22:22 Q. I think you've mentioned when you talked
22:23 to hospitals you tell them that you want more
22:24 employers because that will make the program more
22:25 valuable to them? Did I get that right?

Page Range: 23:2-23:20

23: 2 Q. Is that what you meant to say?
23: 3 A. Right. The more employers you have
23: 4 involved in this and the greater the patient mix --
23: 5 again, the model is all about direction of patient
23: 6 volume to our network participants. So additional
23: 7 employers, of course, bring additional patients and
23: 8 additional members.
23: 9 Q. Okay. How did St. Al's respond to your
23:10 approach?
23:11 A. They were very interested in the model.
23:12 We're very -- we think very innovative, actually, in
23:13 this model. There's not really many folks out there,
23:14 particularly five years ago when this started with
23:15 Micron in Boise, that were doing this. So they were
23:16 very interested and intrigued in what we were doing.
23:17 Q. Did St. Al's submit a proposal?
23:18 A. Yes, they did.
23:19 Q. Did you regard it as a substantial

23:20 proposal or not so substantial?

Page Range: 23:23-24:7

23:23 A. I would say it was very substantial
23:24 proposal. It was about this thick. (Demonstrating).
23:25 A lot of information.
24: Page 24
24: 1 Q. For the record, how many inches?
24: 2 A. I don't know. Four or five inches thick.
24: 3 A lot of information was included about the hospital.
24: 4 Q. Did St. Luke's submit a proposal?
24: 5 A. Yes, they did.
24: 6 Q. Was its proposal substantial or not so
24: 7 substantial?

Page Range: 24:9-24:23

24: 9 A. The St. Luke's proposal was not as
24:10 comprehensive as the St. Al's proposal in that there
24:11 was not as much information in it. It was about two
24:12 or three pages.
24:13 Q. Who did you talk to from St. Al's?
24:14 A. At St. Al's we worked with Greg Sonnenberg
24:15 and Janell Riley.
24:16 Q. What was the attitude they expressed about
24:17 their view of the program?
24:18 A. They were very excited about the program.
24:19 Q. Who did you talk to on behalf of St.
24:20 Luke's?
24:21 A. We worked with Steve Drake.
24:22 Q. And what attitude did he express about the
24:23 program?

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Page Range: 28:8-28:12

28: 8 Q. By the way, the high performance network

28: 9 that Micron ended up using, was there a name for it?

28:10 A. Yes, we allowed the employer sponsor to

28:11 brand their own network and they elected Micron Health

28:12 Partners Network.

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29:23 Q. Did you have any communications with the

29:24 Saltzer group at this time?

29:25 A. Yes.

30: Page 30

30: 1 Q. Did you seek to involve Saltzer in the

30: 2 high performance network?

30: 3 A. Yes, we did.

30: 4 Q. And why was that?

30: 5 A. They were a quality performing group and

30: 6 also a key group in the Nampa area of the market for
30: 7 Micron.

30: 8 Q. So did you meet with Saltzer?

30: 9 A. We did.

30:10 Q. Who was at the meeting on behalf of
30:11 Imagine?

30:12 A. It was myself, Allison Robbins, who is the
30:13 owner of Imagine Health, and one of our marketing
30:14 representatives, Laura Peifer.

30:15 Q. And who was there on behalf of Saltzer?

30:16 A. There were a number of people. I don't
30:17 remember exactly everybody that was there. But Nancy
30:18 Powell was there, who I was working with directly, and
30:19 Bill Savage as well. And I think there were some
30:20 physician representatives there as well.

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Page Range: 33:1-33:16

33: 1 Q. Was it important or unimportant to Imagine
33: 2 that you had primary care physicians in these specific
33: 3 local communities?
33: 4 A. It's always important to have good primary
33: 5 care coverage.
33: 6 Q. And why is that?
33: 7 A. Primary care is pretty close to home.
33: 8 Primary care would include pediatricians, so you have
33: 9 to have them close to home. Family practice, internal
33:10 medicine providers. So it's a real local care.
33:11 Then we also need them, of course, for the
33:12 kind of the point of entry for patients so that we can
33:13 appropriately manage referrals and that type of thing
33:14 to specialists.
33:15 So it's really kind of a basis of any
33:16 network for primary care services.

Page Range: 33:17-34:18

33:17 Q. So we've talked about the high performance
33:18 network. Let's talk about the PPO network. What
33:19 networks did you look at as candidates to be the PPO
33:20 network for Micron?
33:21 A. We looked at all of the available PPOs in
33:22 that market. We primarily looked at First Health, ICN
33:23 at the time, ICN; and Idaho Physician Network, IPN,
33:24 which is a local PPO network in Boise. There's not
33:25 too many up there. And the Blue Cross and PPO network
34: Page 34

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36: 5 Q. So who did you choose to be the PPO
36: 6 network for Micron?
36: 7 A. We selected First Health.
36: 8 Q. When you selected First Health, did they
36: 9 have to go out and assemble in that area of providers
36:10 or were they going to offer their existing network of
36:11 hospitals --
36:12 A. It was an existing network.
36:13 Q. Okay. And what Boise hospital was in the
36:14 First Health network?
36:15 A. St. Luke's.
36:16 Q. So did First Health become the PPO network
36:17 for Micron?
36:18 A. Yes. Well, they accepted -- they were
36:19 going down the path to be the PPO network.
36:20 Q. Did they ultimately end up at the
36:21 destination?
36:22 A. No, they did not. No.
36:23 Q. And what happened?
36:24 A. They really rescinded their participation
36:25 as well. They received, I believe, a termination from
37: Page 37
37: 1 St. Luke's that they would no longer participate in
37: 2 the First Health network if they did this. So we
37: 3 ended up getting a notice from First Health that they
37: 4 were terminating participation with us.

Page Range: 37:7-37:13

37: 7 Q. When did you get that notice?
37: 8 A. On the eve of July 1st, which is when the

37: 9 whole network -- both networks were to go live for
37:10 Micron. So we received it on the last day of June.
37:11 Q. So one day before the networks were to go
37:12 live, they informed you they could not participate
37:13 because St. Luke's had terminated them?

Page Range: 37:16-37:22

37:16 A. We received notification from First Health
37:17 that they would not be the PPO network because it was
37:18 in jeopardy of their relationship with First Health.
37:19 They were gone.
37:20 Q. In jeopardy of their relationship with
37:21 First Health?
37:22 A. I'm sorry. With St. Luke's.

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38: 4 Q. (By Mr. Ettinger) So when you enter into a
38: 5 relationship with a PPO network, what Imagine does, is
38: 6 it -- are the discount -- do the discounts vary from
38: 7 the PPO's normal discounts?
38: 8 A. No.
38: 9 Q. So assuming the Micron network went
38:10 forward, do you know of any reason that St. Luke's
38:11 could have benefitted from withdrawing from the PPO
38:12 network if it was already in the First Health PPO
38:13 network?

Page Range: 38:16-39:6

38:16 A. First, St. Luke's -- well, it put
38:17 everybody in a tough situation. It put Micron in a
38:18 tough situation, it put Imagine Health in a tough
38:19 situation.
38:20 So it gave them a lot of leverage at that
38:21 moment, I mean, to force Micron to abandon the whole
38:22 strategy. It was done at the very final hour and
38:23 difficult to adjust and react to.
38:24 Q. Maybe my question wasn't clear, though I
38:25 think that was going to be my next question. So let
39: Page 39
39: 1 me ask the first question again. Assuming that the
39: 2 Micron network was not put at risk or in jeopardy,
39: 3 assume that for the moment, would there be any other

39: 4 reason for St. Luke's to have benefitted from
39: 5 withdrawing from the First Health PPO network that it
39: 6 was already in?

Page Range: 39:9-40:11

39: 9 Q. That you can think of?
39:10 A. Nothing that I can think of, no.
39:11 Q. So what was Micron's reaction to the loss
39:12 of First Health, including St. Luke's?
39:13 A. They were actually pretty angry.
39:14 Q. Did you stop or did you go forward?
39:15 A. No, we came up with a contingency plan to
39:16 go forward.
39:17 Q. And what was the contingency plan?
39:18 A. Stan Sweedy felt that St. Luke's was not
39:19 going to participate in any PPO network that was
39:20 already in existence. We decided that we would go
39:21 ahead and build our own, that my organization, Imagine
39:22 Health, would go in and contract with the physicians
39:23 to build a PPO network off of availability.
39:24 Q. And did you do that?
39:25 A. We did.

40: Page 40

40: 1 Q. Did you use any existing networks as part
40: 2 of this network that you built?
40: 3 A. It's not really a network, but we did tap
40: 4 into what is called an IPA, independent physician
40: 5 association. So it is a group of physicians that can
40: 6 come -- that can so join a network on one single
40: 7 contract signature. So that helped us to fulfill our
40: 8 physician needs.
40: 9 We used ACN for that option, and then we
40:10 also contracted directly with other independent
40:11 physicians in the community for the PPO.

Page Range: 40:12-41:22

40:12 Q. So did the Micron program -- or the Micron
40:13 Imagine program succeed after that?
40:14 A. It does.
40:15 Q. Is it still in effect today?
40:16 A. It is.
40:17 Q. So what year did it start?
40:18 A. It was effective July 1st of 2008.
40:19 Q. Okay. How would you assess the success or

40:20 not of the program?
40:21 A. It's successful in that we're meeting our
40:22 obligations to Micron, saving them money, as they
40:23 wanted, and we're getting the patients to the -- our
40:24 network providers.
40:25 It's successful for the providers in that
41: Page 41
41: 1 they're getting the volume that we had promised them
41: 2 as well for their price point.
41: 3 Q. Has Imagine estimated the cost savings to
41: 4 Micron for the program?
41: 5 A. Yes.
41: 6 Q. What is that estimate?
41: 7 A. Annually, it's about 27 million a year.
41: 8 Q. Based on Imagine's review, was the program
41: 9 successful in incentivizing Micron employees to use
41:10 the narrow network providers?
41:11 A. Yes.
41:12 Q. So that would have been on the hospital
41:13 side using Saint Alphonsus not St. Luke's; is that
41:14 right?
41:15 A. That's correct.
41:16 Q. So after the program had been in operation
41:17 after these things were occurring, did St. Luke's ever
41:18 come back to Imagine and say: Well, you proved you
41:19 could do it, we'd like to be considered for a bid?
41:20 A. No.
41:21 Q. Up to today, have they ever done that?
41:22 A. No.

Page Range: 41:24-43:3

41:24 Q. Now, did it come to your attention at a
41:25 certain point that St. Luke's had acquired some of the
42: Page 42
42: 1 physician groups that were in the high performance
42: 2 network?
42: 3 A. Yes.

Page Range: 42:4-44:14

42:4 (Plaintiffs' Exhibit 1001 marked for
42:5 identification.)
42: 6 Q. I'll show you what's been marked as
42: 7 plaintiffs Exhibit Number 2, Imagine documents 552 to
42: 8 553. Can you identify this document, Ms. Butterbaugh?

42: 9 A. Yes, this is an e-mail from myself to
42:10 Connie Kniefel, who is the -- or was the director at
42:11 the Boise Orthopedic clinic -- orthopedic group in our
42:12 high performance network.

42:13 Q. And just -- there's a series of e-mails
42:14 back and forth. Are they all between you and Connie
42:15 Kniefel?

42:16 A. Yes.

42:17 Q. Is e-mailing something that you do in the
42:18 ordinary course of your job or not?

42:19 A. Yes.

42:20 Q. So let me ask you about the e-mail at the
42:21 top of the document. You say there: "My concern
42:22 comes with two recent purchases made by St. Luke's,
42:23 the Pediatric Gastroenterology and Boise Heart. Both
42:24 groups are conveying to me that St. Luke's
42:25 Professional Services are not willing to honor our

43: Page 43

43: 1 agreement. I have tried to obtain confirmation from
43: 2 Steve Drake, one way or the other, but no response."

43: 3 Do you see that?

43: 4 A. Yes.

43: 5 Q. Are those accurate statements by you?

43: 6 A. Yes.

43: 7 Q. Were -- was Pediatric Gastroenterology in
43: 8 the high performance network?

43: 9 A. They were.

43:10 Q. And was Boise Heart in the high
43:11 performance group?

43:12 A. They were in the PPO network.

43:13 Q. Did Pediatric Gastroenterology stay in the
43:14 high performance network after it was acquired by St.

43:15 Luke's?

43:16 A. No.

43:17 Q. Did Boise Heart stay in the PPO network
43:18 after being acquired by St. Luke's?

43:19 A. No.

43:20 Q. Then in this e-mail, what was the basic
43:21 purpose of the e-mails with Connie Kniefel?

43:22 A. Connie and I after, you know, St. Luke's
43:23 purchased them, we had communicated back and forth. I
43:24 wanted to make sure: Are you guys going to stay in
43:25 the high performance network? Are you going to be

44: Page 44

44: 1 available to our patients? We need to be aware of
44: 2 this.

44: 3 And she had always communicated that, yes

44: 4 we are, that they were committed to the Micron

44: 5 members. But with this other activity, I was trying
44: 6 to make sure that I could get a further commitment
44: 7 from them that they would remain in.
44: 8 Q. Ultimately, did Boise Orthopedic stay in
44: 9 the high performance network or not?
44:10 A. No.
44:11 Q. Just to make sure we're clear, as of the
44:12 time of Exhibit 2, had Boise Orthopedic been acquired
44:13 by St. Luke's?
44:14 A. Yes, I believe they had.

Page Range: 44:15-45:20

44:15 (Plaintiffs' Exhibit 1002 marked for
44:16 identification.)
44:17 Q. You've been handed what's been marked as
44:18 Plaintiffs' Exhibit 3, Imagine Bates numbered 554 to
44:19 564. What is this document, Ms. Butterbaugh?
44:20 A. This is a communication between myself and
44:21 Heather at the pediatric GI office.
44:22 Q. And what is the pediatric GI office?
44:23 A. The Pediatric Gastroenterology providers.
44:24 Q. Was that a group that was in the high
44:25 performance network?
45: Page 45
45: 1 A. Yes.
45: 2 Q. And were they acquired by St. Luke's?
45: 3 A. Yes.
45: 4 Q. Did they stay in the high performance
45: 5 network?
45: 6 A. No.
45: 7 Q. Why don't you turn to the second page of
45: 8 the document. There's an e-mail there from Heather
45: 9 Beard at Idaho Peds GI to you. Do you see that
45:10 e-mail?
45:11 A. Yes.
45:12 Q. At that point when the e-mail was sent,
45:13 was Idaho Pediatrics owned by St. Luke's?
45:14 A. Yes.
45:15 Q. She said: "It appears that St. Luke's is
45:16 not going to allow any of its provider clinics to be a
45:17 contracting provider. I guess our contract
45:18 termination date for Idaho Pediatrics GI would be
45:19 November 30, 2010."
45:20 Did that turn out to be accurate?

Page Range: 45:23-46:14

45:23 A. They did terminate. I don't recall the
45:24 exact termination date, but they did leave.
45:25 Q. And why don't you go down a few more
46: Page 46
46: 1 pages. Do you see an e-mail from Steve Drake to you
46: 2 dated February 8, 2011?
46: 3 A. I'm sorry, which page is that?
46: 4 Q. I have a copy without Bates numbers I'm
46: 5 working from which is probably a bad idea. So let me
46: 6 look at this copy.
46: 7 A. Yes.
46: 8 Q. Mr. Drake said: "Please consider this
46: 9 group terminated at the end of their required notice
46:10 of termination period. Do you see that?
46:11 A. Yes.
46:12 Q. Was he referring there to Idaho Pediatrics
46:13 GI?
46:14 A. Yes.

Page Range: 46:18-48:3

46:18 Q. You have Plaintiffs' Exhibit 4 there --
46:19 A. Yes.
46:20 Q. -- which is Bates numbered Imagine 579 to
46:21 577. Can you identify this document, please.
46:22 A. This is a communication from Michele
46:23 Marcum at ACN to me.
46:24 Q. Michele Marcum, is she forwarding another
46:25 e-mail?
47: Page 47
47: 1 A. Yes.
47: 2 Q. And who was that from?
47: 3 A. Janine Cleverley.
47: 4 Q. Is Janine Cleverley at St. Luke's?
47: 5 A. I didn't work with her directly, but this
47: 6 is from a St. Luke's e-mail, yes.
47: 7 Q. And Janine says: "I have received
47: 8 direction from Steve Drake in contracting. He has
47: 9 indicated that Dr. Katherine Lee will not be
47:10 continuing her participation with the ACN network
47:11 under St. Luke's TIN." What is a TIN?
47:12 A. That's a tax identification number that is
47:13 used for physician billing.
47:14 Q. So if a physician was not continuing her
47:15 participation with ACN, how would that affect the

47:16 Micron network?
47:17 A. That would remove them from out of the
47:18 PPO.
47:19 Q. If you go a couple of pages in, there's an
47:20 e-mail from you dated February 18 at 2:15 on page 574.
47:21 Do you see that from you to Michele Marcum?
47:22 A. Yes.
47:23 Q. You say: "Another one bites the..." What
47:24 were you referring to there?
47:25 A. Dust. Another one came out.
48: Page 48
48: 1 Q. What did you mean by that?
48: 2 A. That another termination had taken place
48: 3 of a St. Luke's provider.

Page Range: 48:6-49:6

48: 6 Q. Showing Plaintiffs' Exhibit 5, which is a
48: 7 letter from Steve Drake to Allison Robbins, Bates
48: 8 number Imagine 316. Can you identify that document?
48: 9 A. Yes.
48:10 Q. Are you CC' d on this letter?
48:11 A. I was.
48:12 Q. What is it?
48:13 A. It's a termination notice from Steve for
48:14 three of the physician groups that they have
48:15 purchased: The Cardiothoracic and Vascular
48:16 Associates, Boise Orthopedic Clinic and Payette Lakes
48:17 Medical Clinic.
48:18 Q. He says: "Notice of termination of the
48:19 participating provider agreements with Wise." What is
48:20 Wise?
48:21 A. Wise is our company. At the time when we
48:22 developed the Micron health network we were under the
48:23 Wise provider network. We've recently restructured
48:24 and rebranded to the Imagine Health Network. Wise is
48:25 now considered a network that's an LLC of Imagine
49: Page 49
49: 1 Health.
49: 2 Q. And what are the three groups that Mr.
49: 3 Drake is providing notice of termination for?
49: 4 A. Cardiothoracic and Vascular Associates,
49: 5 Boise Orthopedic Clinic and Payette Lakes Medical
49: 6 Clinic.

Page Range: 49:9-50:24

49: 9 Q. I'll show you what's been marked as
49:10 Plaintiffs' Exhibit 6, which is e-mails. The top
49:11 e-mail is from Toni Newman to Jackie at
49:12 WiseProvider.net. Can you identify this document?
49:13 A. Yes. This is an e-mail from Toni. We
49:14 were trying to work through the current contracting
49:15 status with Dr. Walker and our high performance
49:16 network.
49:17 Q. Who was Toni Newman?
49:18 A. Toni Newman is -- or at the time was a new
49:19 associate that began working with Steve Drake in the
49:20 managed care office of St. Luke's.
49:21 Q. She's the one that sent the e-mail?
49:22 A. Yes.
49:23 Q. And Steve Drake is CC' d on the e-mail?
49:24 A. Yes.
49:25 Q. She says in the last sentence of the first
50: Page 50
50: 1 paragraph: "All of the providers on the attached
50: 2 spreadsheet should be terminated effective June 30,
50: 3 2012 per Steve Drake's letter dated March 29, 2012."
50: 4 Do you see that?
50: 5 A. Yes.
50: 6 Q. There is no spreadsheet attached. Do you
50: 7 know what happened to that?
50: 8 A. I don't know. It's probably in our system
50: 9 somewhere.
50:10 Q. In the last paragraph she says: "In
50:11 closing, as far as we know there are no other
50:12 physicians/clinics who are now part of St. Luke's
50:13 Health System that have direct agreements with Wise.
50:14 If this is not correct and you are aware of any
50:15 additional agreements that we have not mentioned,
50:16 please let me know as soon as possible. If there are
50:17 other agreements we have not mentioned, it is simply
50:18 because St. Luke's is not aware of them."
50:19 Do you recall whether you identified any
50:20 other such clinics that St. Luke's had not terminated?
50:21 A. I don't think there were anymore.
50:22 Q. By the way, where it says to
50:23 Jackie@WiseProvider.net, who is that?
50:24 A. That's me.

Page Range: 50:25-52:2

50:25 Q. Did St. Luke's acquire a group called
51: Page 51
51: 1 Boise Surgical Group?
51: 2 A. They did, yes.
51: 3 Q. Did Boise Surgical -- was Boise Surgical's
51: 4 current relationship with ACN terminated?
51: 5 A. Eventually, yes, it was.
51: 6 Q. By who?
51: 7 A. By us. By Imagine Health or Wise.
51: 8 Q. Why did you terminate Boise Surgical?
51: 9 A. We were made aware of some member issues
51:10 and concerns through DAS. DAS is the third-party
51:11 administrator for Micron, so they handle all the
51:12 preauthorization, benefits, eligibility etc.
51:13 Paula Bosler is my representative I worked
51:14 with there. She notified us we had some cases under
51:15 preauthorization with Boise Surgical, and the
51:16 physicians were not willing or able to provide the
51:17 surgery at St. Al's. They had to do it at St. Luke's,
51:18 which is out of network.
51:19 So as we investigated further, we found
51:20 out that the Boise Surgical physicians no longer held
51:21 their privileges at St. Al's and, therefore, all of
51:22 their services would be going to St. Luke's, which is
51:23 again out of network, and a concern -- a service
51:24 concern for the Micron patients.
51:25 So we elected to notify ACN that we no
52: Page 52
52: 1 longer wanted to include their contract, we would need
52: 2 to terminate their participation with us.

Page Range: 52:3-54:14

52: 3 Q. What's the concern if an out-of-network
52: 4 hospital is used?
52: 5 A. Again, it goes back to the various benefit
52: 6 levels. A patient has a lot greater out-of-pocket
52: 7 expense if they go out of network.
52: 8 Q. So after all these terminations, what was
52: 9 Micron's reaction?
52:10 A. They are -- they -- very concerned.
52:11 Q. Were you involved in any meetings with
52:12 Micron on that subject?
52:13 A. Yes, continually.
52:14 Q. Who from Micron was involved?

52:15 A. Primarily we worked with Margo Nielsen,
52:16 who is in the HR department with Micron, and then
52:17 other team members on her team.

52:18 Q. Is it Margo Nielsen or Margo Nicholson?

52:19 A. Margo Nicholson, I'm sorry.

52:20 Q. So did Imagine take any steps to try to
52:21 deal with the problem?

52:22 A. We -- yes, many -- many steps have been
52:23 involved in working with them to try to alleviate
52:24 their concern and to see if we can backfill the loss
52:25 of these physicians and services into the high

53: Page 53

53: 1 performance network for Micron.

53: 2 Q. When you say "backfill", what do you mean?

53: 3 A. If we have alternatives available in the
53: 4 community.

53: 5 Q. Were you able to find alternatives in the
53: 6 community?

53: 7 A. Ultimately, yes, we were.

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53:16 **REDACTED**

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54: Page 54

54: 1 group in the community.

54: 2 Q. So when these replacements were found,
54: 3 were they added to the network?

54: 4 A. Ultimately they were, yes.

54: 5 Q. Did Micron conclude that this was no
54: 6 longer a problem after that happened?

54: 7 A. No, they did not. We had a lot of
54: 8 meetings and conversations with Micron to review the
54: 9 quality information that we had on these alternatives
54:10 to eventually get them to a level of agreement that we

54:11 could go ahead and include them for their access
54:12 needs.
54:13 Q. And once you got Micron to agree, was
54:14 Micron happy about the situation?

Page Range: 54:16-54:18

54:16 A. I would not say that Micron was happy
54:17 about it, not 100 percent satisfied.
54:18 Q. Why not?

Page Range: 54:20-54:23

54:20 A. I would not say they were 100 percent
54:21 satisfied because, again, with the quality review and
54:22 comparison, we were not able to validate that they
54:23 were at the same level as BOC was.

Page Range: 54:24-56:5

54:24 Q. Did Imagine do any modeling for Micron of
54:25 the effect if St. Luke's was added to the network at a
55: Page 55
55: 1 particular set of prices?
55: 2 A. Yes.
55: 3 Q. Who asked for that -- whose idea was that
55: 4 model?
55: 5 A. Micron requested it.
55: 6 Q. Were you involved in the details of the
55: 7 modeling?
55: 8 A. Not really in the details, no.
55: 9 Q. So you said -- did St. Luke's ever have
55:10 direct communications with Imagine about the
55:11 possibility of joining the network?
55:12 A. No.
55:13 Q. Did you learn whether St. Luke's had any
55:14 communications with Micron regarding that possibility?
55:15 A. We were told by Micron that they had
55:16 direct conversation, yes.
55:17 MR. STEIN: Can we put some timeframe on
55:18 the period you are talking about now.
55:19 Q. So when were you told that by Micron?
55:20 A. Most recently, it was about a year ago,
55:21 nine or ten months ago. About a year ago, I would
55:22 say.

55:23 Q. Did Micron ever inform you as to why
55:24 Imagine was not at the table for those discussions?
55:25 A. We had been informed by Micron on a couple
56: Page 56
56: 1 of occasions that St. Luke's has expressed to them
56: 2 that they are not willing to work with Imagine Health.
56: 3 Q. Were you told any reason for that by
56: 4 Micron?
56: 5 A. No.

Page Range: 56:8-57:7

56: 8
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56:14
56:15
56:16 REDACTED
56:17
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57: Page 57
57: 1
57: 2
57: 3 REDACTED
57: 4
57: 5
57: 6
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Page Range: 57:8-58:23

57: 8 Q. Now, has Imagine made any efforts to bring
57: 9 other employers into its Boise network?
57:10 A. Yes.
57:11 Q. What has that involved?
57:12 A. We've done numerous -- we've had numerous

57:13 efforts. We've tried to work with brokers within the
57:14 community to let them know what our model is and what
57:15 the results have been for Micron so that they can
57:16 provide that information to their employer clients.
57:17 Then we also work on a national scope with
57:18 national self-funded employers who like to look at our
57:19 networks in various markets and may want to join on
57:20 networks as well.

57:21 So we've tried to do it locally and
57:22 nationally.

57:23 **REDACTED**

57:24

57:25 A. No.

58: Page 58

58: 1 Q. When you have made these efforts, have you
58: 2 reported that St. Luke's is not in either the high
58: 3 performance or PPO network?

58: 4 A. Yes, we have reported they are not in the
58: 5 high performance network, and we do report that they

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58:12 **REDACTED**

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Page Range: 59:1-59:12

59: 1

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59: 4 **REDACTED**

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59: 8 with the Walmart activity?
59: 9 A. Well, we have -- we've since kind of
59:10 rebranded our narrow networks, and we are using the
59:11 Smart Care is our current brand for narrow networks
59:12 nationally.

Page Range: 59:13-59:14

59:13 Q. Do you know whether IPN knows that Smart
59:14 Care is Imagine?

Page Range: 59:16

59:16 A. I have not talked with IPN directly.

Page Range: 59:17-60:17

59:17 Q. Is Saltzer in the PPO network today?
59:18 A. They are now, yes.
59:19 Q. Are they in the high performance network
59:20 today?
59:21 A. No.
59:22 Q. Did Saltzer ever come to Imagine and say:
59:23 We've changed our mind, we want to be in the high
59:24 performance network?
59:25 A. No.
60: Page 60
60: 1 Q. Did Saltzer ever come to Imagine and say:
60: 2 We've changed our mind, we want to be in the PPO
60: 3 network?
60: 4 A. No.
60: 5 Q. How did Saltzer come to be in the PPO
60: 6 network?
60: 7 A. A little over a year ago they joined the
60: 8 ACN network, which we contract with. And so now they
60: 9 are in our PPO network.
60:10 Q. Do you know the circumstances under which
60:11 they joined the ACN network?
60:12 A. I do not, no.
60:13 Q. So for another employer considering your
60:14 programs currently, at least, they have Saltzer in the
60:15 PPO network; correct?
60:16 A. Yes. If they -- if they elect to use our
60:17 Wise PPO network, they do, yes.

Page Range: 61:6-61:18

61: 6 Can you tell me what you did to prepare
61: 7 for your deposition today?
61: 8 A. I've met with Mr. Ettinger and talked
61: 9 about some of the issues and history of the case.
61:10 That's about it.
61:11 Q. Is that just one meeting?
61:12 A. We've had two meetings.
61:13 Q. Can you tell me when those meetings were?
61:14 A. There was one yesterday, and then one
61:15 about two weeks ago.
61:16 Q. In the meeting yesterday, where did that
61:17 take place?
61:18 A. At our office, Imagine Health.

Page Range: 61:23-62:9

61:23 Q. And how long did that meeting -- how long
61:24 did that meeting last?
61:25 A. About two and a half hours.
62: Page 62
62: 1 Q. Did you go over some of the questions that
62: 2 you were going -- that you were asked this morning?
62: 3 A. Uh-huh.
62: 4 Q. And the second meeting you mentioned which
62: 5 was actually, I guess, the first meeting two weeks
62: 6 ago?
62: 7 A. Yes.
62: 8 Q. Where did that take place?
62: 9 A. Also at our office.

Page Range: 62:16-62:17

62:16 Q. And how long was that meeting?
62:17 A. Probably about two hours as well.

Page Range: 64:11-64:18

64:11 Q. Now, you are an employee of Imagine
64:12 Health; correct?
64:13 A. Correct.
64:14 Q. You are not an employee of Micron?
64:15 A. No.

64:16 Q. You are not authorized by Micron to talk
64:17 -- to speak on their behalf today?
64:18 A. We are not, no, correct.

Page Range: 65-4:65:15

65: 4 Q. Now, Imagine Health was contracted by
65: 5 Micron to help put together a network in Ada and
65: 6 Canyon counties; is that correct?
65: 7 A. Initially, yes. We later expanded that to
65: 8 include three more counties.
65: 9 Q. Okay. But in 2007, the original
65:10 engagement was for Ada and Canyon counties?
65:11 A. Correct.
65:12
65:13 REDACTED
65:14
65:15

Page Range: 66:2-67:8

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66:14 REDACTED
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67: Page 67

67: 1

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67: 4 REDACTED

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Page Range: 67:18-67:21

67:18 REDACTED

67:19

67:20 REDACTED

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Page Range: 68:4-68:13

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68: 8 REDACTED

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Page Range: 69:15-69:24

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69:19 REDACTED

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Page Range: 70:2-70:12

70: 2 What is the network maintenance guarantee
70: 3 broadly?
70: 4 A. I'd have to read it to remember what it
70: 5 was.
70: 6 Q. Okay.
70: 7 A. This looks like we would guarantee certain
70: 8 access in these areas of specialty to the Micron
70: 9 membership.
70:10 Q. So if we look, for example, at the second
70:11 line of the chart for family practice, how do you
70:12 interpret what is required here for that?

Page Range: 70:15-70:25

70:15
70:16
70:17
70:18
70:19 REDACTED
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Page Range: 71:23-72:4

71:23
71:24 REDACTED
71:25
72: Page 72
72: 1
72: 2 REDACTED
72: 3
72: 4

Page Range: 72:14-74:8

72:14 Q. So prior to Imagine Health becoming the
72:15 network lease company, how did Micron provide health
72:16 insurance to its employees?
72:17 A. It's my understanding they've always been

72:18 self-funded. At least prior to our involvement with
72:19 them, they were self-funded, and they leased the Blue
72:20 Cross network in Boise.

72:21 Q. Was the Blue Cross network limited to
72:22 Boise or did it also include Canyon County?

72:23 A. And Canyon County, yes.

72:24 Q. How inclusive was the Blue Cross network,
72:25 do you know?

73: Page 73

73: 1 A. It's a broad panel PPO. So it generally
73: 2 includes most or all of the providers in the area.

73: 3 Q. Was Saltzer in the Blue Cross PPO network?

73: 4 A. I believe they were.

73: 5 Q. Was St. Luke's also in the PPO network?

73: 6 A. Yes.

73: 7 Q. And Saint Alphonsus was in the PPO
73: 8 network?

73: 9 A. Yes.

73:10 Q. So before Micron launched its narrow
73:11 network product, Micron employees had access --
73:12 network access to Saltzer, St. Luke's and Saint
73:13 Alphonsus; is that right?

73:14 A. Right.

73:15 Q. When you were putting together a network
73:16 for Micron, was it important to understand who the
73:17 existing providers were of services to Micron
73:18 employees? In other words, who were the providers
73:19 that were providing a lot of services to Micron
73:20 employees?

73:21 A. Yes.

73:22 Q. What was the level of St. Luke's -- strike
73:23 that.

73:24 To what extent were Micron employees
73:25 obtaining hospital services from St. Luke's when Blue

74: Page 74

74: 1 Cross was the primary -- or was the provider for
74: 2 insurance to Micron employees?

74: 3 A. Large extent. I think about 70 percent of
74: 4 their hospitalization was going to St. Luke's.

74: 5 Q. What is it today?

74: 6 A. Probably about ten. I know 90 percent of
74: 7 our population is going to St. Al's. So I don't know
74: 8 the exact percentage going to St. Luke's.

Page Range: 74:9-74:18

74: 9 Q. To what extent were Micron employees

74:10 seeking primary care and pediatric services from
74:11 Saltzer physicians when Blue Cross was the provider of
74:12 insurance?
74:13 A. I can't answer that right now. I don't
74:14 know.
74:15 Q. Do you know the extent to which Saltzer
74:16 today is providing care to Micron insureds?
74:17 A. No, I do not know. I haven't looked at
74:18 that.

Page Range: 76:14-76:19

76:14 Q. Let me hand you what I've marked as
76:15 Defendants' Exhibit 2. This document is stamped SLH
76:16 604 through 615. I'm going to ask you some questions
76:17 about this, but can you tell me whether you recognize
76:18 this document?
76:19 A. I don't.

Page Range: 78:16-80:8

78:16 Q. If you turn the page to 608, there's a
78:17 chart -- there's a section entitled New Plan Cost
78:18 Comparisons?
78:19 A. Right.
78:20 Q. Does this chart reflect the different
78:21 financial benefits available to Micron employees
78:22 depending on which level -- or from whom they obtain
78:23 services?
78:24 A. Yes.
78:25 Q. And then at the bottom of the page,
79: Page 79
79: 1 there's a section called What Does This Mean To Me,
79: 2 that attempts to translate this, with an example of
79: 3 the employee's out-of-pocket cost depending upon what
79: 4 type of provider they use; is that correct?
79: 5 A. Right.
79: 6 Q. So for an employee who has a sinus
79: 7 infection and visits a doctor and the office visit is
79: 8 \$100, the chart shows that with a premium plan if the
79: 9 employee visits the Micron Family Health Center,
79:10 they're going to pay \$10?
79:11 A. Right.
79:12 Q. If they use somebody in the narrow network
79:13 -- high performance network, it will be \$15?
79:14 A. Yes.

79:15 Q. If they use someone in the PPO, they'd
79:16 have to pay \$30 out of pocket?
79:17 A. Yes.
79:18 Q. And non-network would be \$40?
79:19 A. That's correct.
79:20 Q. So an employee who went to an
79:21 out-of-network provider would pay four times as much
79:22 as they would if they went to the Micron health
79:23 center, and more than double what they'd pay if they
79:24 used a high performance network provider; is that
79:25 correct?
80: Page 80
80: 1 A. Yes.
80: 2 Q. In your experience, do patients respond to
80: 3 financial incentives to use in-network providers?
80: 4 A. Yes.
80: 5 Q. Those financial incentives are sufficient
80: 6 or can be sufficient to overcome patients' preference
80: 7 for out-of-network providers?
80: 8 A. It can be.

Page Range: 80:10-80:15

80:10
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80:12 REDACTED
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Page Range: 80:16-80:25

80:16 Q. When Saltzer was out of network, did
80:17 Micron succeed in shifting patient care from Saltzer
80:18 physicians to in-network physicians?
80:19 A. Ultimately, yes.
80:20 Q. How did you do that?
80:21 A. Benefit direction. They were required to
80:22 leave that community and go to the surrounding areas
80:23 to get access.
80:24 Q. Who were required to do that?
80:25 A. The patients.

Page Range: 81:1-82:3

81: 1 Q. What were the surrounding areas they had
81: 2 to go to get -- what were the surrounding areas to
81: 3 which Micron employees had to travel to get primary
81: 4 care and pediatric services when Saltzer went out of
81: 5 network for Micron?
81: 6 MR. ETTINGER: Objection.
81: 7 A. Primarily they would have to transition
81: 8 into Boise. We had some primary care available in
81: 9 Caldwell, but the migration doesn't go that way --
81:10 patient migration.
81:11 Q. Did you hear from Micron that their
81:12 employees were not happy about having to go from Nampa
81:13 to Boise and other areas for primary care and
81:14 pediatric services?
81:15 A. Yes, there was a lot of disruption
81:16 involved at that time. So, yes, it was all over the
81:17 place.
81:18 Q. At that time, you mean back in 2008?
81:19 A. Correct.
81:20 Q. So why didn't Micron add Saltzer to the
81:21 network?
81:22 A. Excuse me?
81:23 Q. So given all of the disruption and given
81:24 the complaints from Micron employees, why didn't
81:25 Micron add Saltzer back to the network?
82: Page 82
82: 1 A. Saltzer was unwilling to contract with
82: 2 Imagine Health to enter into the Micron Health
82: 3 Partners Network or the narrow network.

Page Range: 82:24-83:4

82:24 Q. And the -- and Saltzer's joining ACN or
82:25 the Advantage Care Network was something that happened
83: Page 83
83: 1 independent of the Micron relationship; right? It
83: 2 wasn't something that Micron insisted on?
83: 3 A. They did not insist on it for that
83: 4 contract to take place, that I'm aware of anyway.

Page Range: 98:21-100:25

98:21 Q. You mentioned there were two PPOs. There
98:22 was IPN and then you talked about First Health. Who

98:23 specifically at First Health were you negotiating
98:24 with?
98:25 A. It was not me that was doing the
99: Page 99
99: 1 negotiation. That was going through Allison Robbins
99: 2 and Laura Peifer. They managed that part. I was over
99: 3 on the network development side.
99: 4 Q. So who had communications with First
99: 5 Health about their decision not to participate in the
99: 6 Micron health plan?
99: 7 A. That would have been Allison and Laura.
99: 8 Q. It wasn't you?
99: 9 A. No.
99:10 Q. So you don't have firsthand knowledge of
99:11 what First Health said to Imagine Health about why it
99:12 was pulling out of its agreement to participate in the
99:13 network?
99:14 A. Not directly with them, no.
99:15 Q. Now, St. Luke's, it's your understanding,
99:16 was part of First Health; is that right?
99:17 A. Yes.
99:18 Q. Were there any other hospitals that were
99:19 part of the First Health network?
99:20 A. In Boise?
99:21 Q. Yes.
99:22 A. No.
99:23 Q. Saint Alphonsus was not in First Health?
99:24 A. Was not.
99:25 Q. So you mentioned earlier today that one of
100: Page 100
100: 1 the principles of the narrow network is that providers
100: 2 will give deeper discounts in exchange for exclusivity
100: 3 and the anticipated steerage that comes with that; is
100: 4 that right?
100: 5 A. Yes.
100: 6 Q. So would you think it's reasonable to
100: 7 conclude that in offering -- whatever rate St. Luke's
100: 8 offered to contract with First Health, if it was the
100: 9 only hospital system, that St. Luke's might have given
100:10 those rates in anticipation of receiving steerage from
100:11 contracts that First Health entered into?
100:12 A. Yes.
100:13 Q. But if First Health entered into a
100:14 contract with Micron, St. Luke's couldn't reasonably
100:15 expect steerage from Micron because Saint Alphonsus
100:16 was the preferred hospital provider; right?
100:17 A. Through our network, yes.
100:18 Q. Right. So when Mr. Ettinger asked you

100:19 before if you could think of any reason why St. Luke's
100:20 wouldn't want to contract through First Health with
100:21 Micron, wouldn't one legitimate reason be that the
100:22 rates that St. Luke's agreed to give to First Health
100:23 were conditioned on an assumption of steerage that
100:24 wasn't going to happen?
100:25 A. That would be legitimate, yes.

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102:12 **REDACTED**
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Page Range: 103:16-103:25

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103:20 **REDACTED**
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Page Range: 104:1-104:17

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REDACTED

Page Range: 104:18-104:23

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REDACTED

Page Range: 105:2-106:10

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REDACTEDA

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106: Page 106

106: 1 exactly right now.
106: 2 Q. But even today, there are a number of St.
106: 3 Luke's providers who are in the PPO network for
106: 4 Micron; is that right?
106: 5 A. Yes, they have retained contracts with
106: 6 ACN.
106: 7
106: 8 **REDACTED**
106: 9
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Page Range: 106:24-107:14

106:24
106:25 **REDACTED**
107: Page 107
107: 1
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107: 5
107: 6 **REDACTED**
107: 7
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Page Range: 108:2-108:24

108: 2 Q. In addition to talking to Micron about the
108: 3 termination of provider contracts by St. Luke's, you

108: 4 were also talking to Saint Alphonsus; correct?
108: 5 A. Yes.
108: 6 Q. And they were doing their best to persuade
108: 7 you that they had an adequate network even with the
108: 8 loss of the St. Luke's providers; correct?
108: 9 A. To persuade us and Micron, yes. We were
108:10 trying to retain the client.
108:11 (Defendants' Exhibit 8 marked for
108:12 identification.)
108:13 Q. Handing you now what I've marked as
108:14
108:15
108:16
108:17
108:18 **REDACTED**
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Page Range: 109:5-110:10

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109:14 **REDACTED**
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110: Page 110
110: 1 physicians employed by St. Luke's. A few of the

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110:10

REDACTED

Page Range: 110:23-111:4

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111: Page 111
111: 1
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REDACTED

Page Range: 111:6-112:3

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112: Page 112

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112: 2

112:3 REDACTED

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112:9 REDACTED

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112:23 REDACTED

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114:13 REDACTED

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114:16 REDACTED

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114:19 REDACTED

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114:23 REDACTED

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115: 1

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115: 3

115: 4 REDACTED

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Page Range: 115:15-116:7

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115:19 REDACTED

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116: Page 116

116: 1 primarily with St. Al's.

116: 2 Q. Where would you have gotten these numbers?

116: 3 A. Out of our database with current

116: 4 contracted providers.

116: 5 Q. So those were the numbers of existing --

116: 6 other existing network providers and services?

116: 7 A. Yes.

Page Range: 116:11-118:1

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116:12

116:13 **REDACTED**

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116:21 **REDACTED**

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117:10 **REDACTED**

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117:23 Surgical in the network?
117:24 A. It might be considered in that way, yes.
117:25 Q. Did you consider that to be the case?
118: Page 118
118: 1

Page Range: 118:1-118:4

118: 1
118: 2 REDACTED
118: 3
118: 4

Page Range: 120:20-121:7

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120:21
120:22 REDACTED
120:23
120:24
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121: Page 121
121: 1
121: 2
121: 3 REDACTED
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Page Range: 121:11-121:16

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121:13 REDACTED
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Page Range: 121:17-122:24

121:17 REDACTED
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121:21 **REDACTED**

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122: Page 122

122: 1

122: 2 **REDACTED**

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122:14 **REDACTED**

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123:13 **REDACTED**

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Page Range: 123:21-123:24

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123:22 REDACTED

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Page Range: 132:21-133:13

132:21 Q. Mr. Stein also asked you about paragraph
132:22 three on the next page, the eight miles discussion; do
132:23 you remember that?

132:24 A. Yes.

132:25 Q. So my question is generally: Did Imagine

133: Page 133

133: 1 -- was Imagine -- did Imagine shoot for just to meet
133: 2 the minimum targets at which it would not be penalized
133: 3 as set forth in this addendum?

133: 4 A. Yes, Allison -- this is negotiated. We
133: 5 obviously try to keep our guarantees as low as we can
133: 6 because there's financial risk involved. So that's
133: 7 why it's stated "minimum".

133: 8 That is our minimum number associated with
133: 9 our financial risk, and we always exceed that -- or
133:10 generally try to exceed that, yes.

133:11 Q. Do you try to exceed that in order to do a
133:12 good job in the clients?

133:13 A. Yes.

Page Range: 133:15-133:16

133:15 A. Yeah, to make sure there's adequate
133:16 access.

Page Range: 134:2-134:12

134: 2 Q. You mentioned -- and I think I'm quoting
134: 3 you -- in response to questions about what happened
134: 4 when Saltzer was not in the network, you said I think
134: 5 a lot of disruption, unhappiness all over the place.

134: 6 Is disruption like that important to Imagine?

134: 7 A. Yes. Very important.

134: 8 Q. And why is that?
134: 9 A. Well, we obviously want to -- we want
134:10 client satisfaction. And when there's disruption,
134:11 there's concern on the client's behalf, which is of
134:12 concern to us.

Page Range: 134:13-135:2

134:13 Q. Was there a disruption in connection with
134:14 when -- was there disruption when Cardiovascular
134:15 Associates left the network?
134:16 A. It was -- it was disruption. As you can
134:17 imagine, cardiovascular was around and there's not a
134:18 lot of cases, as pediatric cases might be. It's not
134:19 as many.
134:20 But it was important to Micron that we got
134:21 that contract in place. And we're one of very few
134:22 payors that I know of that had a contract with that
134:23 group. So that was a big score for us and they were
134:24 very happy about that.
134:25 Thankfully -- or luckily for Micron, when
135: Page 135
135: 1 they did terminate, St. Al's has since recruited other
135: 2 specialists of that nature into the market.

Page Range: 135:10-135:23

135:10 Q. Was there disruption when Boise Orthopedic
135:11 left the network?
135:12 A. Yes. That was a serious disruption.
135:13 Q. When you say "serious disruption", what
135:14 happens?
135:15 A. Well, Micron, by nature of their business,
135:16 orthopedic is a big medical spend for them. So they
135:17 have a lot of orthopedic cases within their medical
135:18 plan, a lot of hips, joints, backs.
135:19 Boise Orthopedic, as I mentioned, are
135:20 independent providers are more in sports medicine
135:21 related, etc. Boise Orthopedic provided that full
135:22 scope, head to toe, for orthopedic services that they
135:23 were able to cover.

Page Range: 136:6-136:12

136: 6 A. All of the employers are concerned about

136: 7 disruption. This is a disruptive strategy. So
136: 8 they're all concerned about that.
136: 9 They're interested in the strategy. It's,
136:10 obviously, a cost saver. And they love our quality
136:11 component. But they're all interested in that and
136:12 worried about that.

Page Range: 137:7-137:8

137: 7 REDACTED
137: 8

Page Range: 137:10-137:19

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137:13
137:14 REDACTED
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Page Range: 138:1-138:11

138: 1 Q. In response to one of Mr. Stein's
138: 2 questions, I think you said -- or he said and you
138: 3 agreed that Saltzer and St. Luke's turned out to be
138: 4 wrong on the ability of the program to shift patients;
138: 5 is that right?
138: 6 A. Yes.
138: 7 Q. So after they turned out to be wrong, did
138: 8 either of them to back to the table, to Imagine, and
138: 9 say: Okay, we'll now offer you a more competitive bid
138:10 to be in the high performance network?
138:11 A. No.

Page Range: 138:12-139:6

138:12 Q. You were asked some questions about what
138:13 happened when Saltzer was out, and you said something
138:14 about shifting to Boise. Were -- and then you said

138:15 there were other primary care physicians in the
138:16 network in Nampa from SAMG; am I right so far?
138:17 A. Yes.
138:18 Q. Do you recall or do you have knowledge as
138:19 to whether or not any of the shifting from Saltzer to
138:20 Boise involved specialists versus primary care
138:21 physicians?
138:22 A. Yeah, I haven't looked at that in detail.
138:23 That's just I know the migration. If they left the
138:24 Nampa area -- if the care wasn't available, they just
138:25 naturally migrated to Boise, which is where we had the
139: Page 139
139: 1 access available.
139: 2 So I can't tell you specifically primary
139: 3 care versus specialty.
139: 4 Q. And was there primary care available in
139: 5 the network in Nampa other than Saltzer?
139: 6 A. Yes. We've established that, yes.

Page Range: 143:12-143:22

143:12 Q. Turn to Exhibit 9 -- Defendants' Exhibit
143:13 9. So under family practice there's a reference to
143:14 Idaho Family Physicians on page 464 that Mr. Stein
143:15 asked you about at the top of the page? Do you see
143:16 that? It's page 464, Defendants' Exhibit 9.
143:17 A. Yes.
143:18 Q. Family practice; do you see that?
143:19 A. Yes, uh-huh.
143:20 Q. Do you know which specialties are in Idaho
143:21 Family Physicians?
143:22 A. I believe they're just family practice.

Page Range: 147:3-147:5

147: 3 If Saltzer were to leave the PPO network,
147: 4 do you think that would or would not cause significant
147: 5 disruption?

Page Range: 147:7-147:16

147: 7 A. I believe it would cause disruption again.
147: 8 We made it through the initial storm in 2008 when they
147: 9 weren't in and moved along from there.
147:10 But now that they've been back in the

147:11 network for a year and a half -- and, again, I haven't
147:12 checked exactly to see what the utilization is for
147:13 them, but you'd have to assume that Micron has them
147:14 available again and are seeking services from them.
147:15 So if they pulled out again, it would be another round
147:16 of disruption.

Page Range: 149:2-150:12

149: 2 Q. What do you mean by "disruption"?

149: 3 A. Well, if you are used to going to a
149: 4 certain physician for services, for care, and they're
149: 5 no longer available, you are disrupted. You have to
149: 6 find a new doctor.

149: 7 Q. And is that why you said before that this
149: 8 is a disruptive strategy, referring to the narrow
149: 9 network strategy?

149:10 A. Yes.

149:11 Q. So the Micron -- the plan that you brought
149:12 to Micron was unique for the Boise market; right? It
149:13 was something that this market hadn't seen before; is
149:14 that correct?

149:15 A. No.

149:16 Q. And any time you are narrowing a network
149:17 as in the case, for example, of moving from the Blue
149:18 Cross PPO to a narrow network, there's going to be
149:19 disruption; right?

149:20 A. Yes.

149:21 Q. And any time a provider leaves the network
149:22 or moves from one tier to another, there's disruption?

149:23 A. It is disruptive in that manner. And I
149:24 probably should expand my interpretation of
149:25 "disruption".

150: Page 150

150: 1 It's really disruption to the whole health
150: 2 care community. Hospitals aren't used to having to
150: 3 bid competitively, and they're not used to losing
150: 4 necessarily, so they're disrupted.
150: 5 Physicians are the same way. They go
150: 6 along life a certain way. Health care has always been
150: 7 done a certain way. PPO networks contract with
150: 8 everybody. They've melted into it, they like it.
150: 9 So it disrupts hospitals, it disrupts
150:10 physicians, it disrupts patients. It's new. Any time
150:11 you do something new and it's different like that,
150:12 it's going to cause disruption.

Page Range: 151:6-151:13

151: 6 Q. Mr. Ettinger asked you about the
151: 7 disruption that would be caused to Micron if Saltzer
151: 8 were to leave the PPO network. In order to know what
151: 9 the disruption is, you really would have to know what
151:10 the level of utilization is?
151:11 A. That is correct.
151:12 Q. And you don't know what this is?
151:13 A. No, we do not know today. No.

Page Range: 151:20-152:8

151:20 Q. When a group has been excluded from the
151:21 network or resigns the network or its contract is
151:22 terminated, are all those equally disruptive?
151:23 A. It has been in Boise. I should say that
151:24 this has not occurred in any of our other networks.
151:25 In San Antonio, we've had that network in
152: Page 152
152: 1 place for about six years. We did lose a pediatric
152: 2 group who elected to no longer work with us so we did
152: 3 have to replace them.
152: 4 This is the only model that we've had to
152: 5 deal with this kind of continuous change. It's always
152: 6 disruptive in the beginning, but then it usually
152: 7 settles down. This is the one constant that continues
152: 8 to go, as far as disruption is concerned.