TESTIMONY OF ED CASTLEDINE

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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: 7:1-7:4

7: 1 ED CASTLEDINE,
7: 2 produced as witness at the instance of the
7: 3 Plaintiffs, having been first duly sworn, was
7: 4 examined and testified as follows:

Page Range: 12:23-13:13

12:23 Q. Okay. And then remind me, when did you 12:24 start at St. Luke's?
12:25 A. It would have been 2007. Page 13
13: 1 Q. And what was your initial role there?
13: 2 A. I consulted with Luke's for about a
13: 3 year before becoming an employee.
13: 4 Q. And what was the nature of your
13: 5 consulting work?
13: 6 A. Business development.
13: 7 Q. And what -- what is that -- what does 13: 8 that mean to us lay persons?
13: 9 A. It means developing relationships in --
13:10 with -- well, for me at the time, developing new
13:11 relationships with providers who hadn't previously
13:12 worked closely with St. Luke's. And for me, it
13:13 was mainly in orthopedics and neurosurgery.

Page Range: 15:2-15:7

15: 2 Q. So after approximately a year, your
15: 3 consultancy ended and you became an employee?
15: 4 A. Um-hum.
15: 5 Q. What -- what was your title as an 15: 6 employee?
15: 7 A. Director Of Business Development.

Page Range: 74:1-74:11

74: 1 Q. BY MR. GREENE: I'm showing you a

74: 2 document that's been marked Exhibit 1277. This is
74: 3 captioned "Integration Analysis Update," dated
74: 4 April 23rd, 2010. Take a quick look and I'll ask
74: 5 if you recall this document.
74: 6 Do you recognize this document?
74: 7 A. I think I do, yes.
74: 8 Q. Good. And is -- there is on the first
74: 9 page and throughout some handwritten notes. Is
74:10 that your handwriting?
74:11 A. I believe it is.

Page Range: 119:15-120:25

119:15 (Plaintiffs' Exhibit 349 marked.)
119:16 Q. BY MR. GREENE: I've given you a
119:17 document that's marked 349. And this is an E-mail
119:18 from yourself to Mr. Taylor and Mr. Roth, and it
119:19 cc's Peter L at Consilium. And this contains a
119:20 Bates number of CON0007045.
119:21 Do you have any recollection of this
119:22 E-mail dated June 28, 2011?
119:23 A. Yes.
119:24 Q. Okay. And then attached to this is
119:25 a list of physicians an their specialties,
Page 120
120: 1 correct?
120: 2 A. Yes.
120: 3 Q. Okay. And you appear to be describing
120: 4 the results of that work, and in the first
120: 5 paragraph of this E-mail it reads, "Just finished
120: 6 putting this together -- it is rough form but
120: 7 wanted to get your perspective on this type of
120: 8 information as it relates to your meeting
120: 9 tomorrow. The first two tabs are what I need your
120:10 opinion on. This begins to show the dominance of
120:11 Saltzer in the Nampa market. I removed all of the
120:12 dentists, anesthesiologists, chiropractors, et
120:13 cetera, from the list and left only the actual
120:14 providers. Out of roughly 80 physicians in Nampa,
120:15 Saltzer represents 47. If you add the Mercy
120:16 Group, we have the opportunity to work exclusively
120:17 with 54 of the 80."
120:18 Did I read that correctly?
120:19 A. Yes.

120:20 Q. Okay. So why would -- you seem to be
120:21 very positive about this idea that it -- that it's
120:22 a good idea to have the opportunity to work
120:23 exclusively with 54 of the 80. Is that a misread
120:24 of your writing here?
120:25 A. No.

Page Range: 121:04-122:23

121: 4 Q. BY MR. GREENE: Okay. And what – what
121: 5 advantages does that, having an exclusive with 54
121 6 of the 80 doctors in the Nampa area, why is that
121: 7 useful or important to St. Luke's?
121: 8 A. Well, it -- if I recall what I was
121: 9 thinking when I was writing this, it represented
121:10 an opportunity to align financially and clinically
121:11 with a lot of providers. And because a lot of our
121:12 patients come from Canyon County, the opportunity
121:13 to engage at a -- a really significant level with
121:14 that number of providers would allow us to improve
121:15 care on a pretty large scale, as opposed to, say,
121:16 a small orthopedic practice or a independent small
121:17 family practice or something.
121:18 We would have an opportunity to align
121:19 the interests of -- of quite a few people at one
121:20 time and be able to improve care.
121:21 Q. Sure. I mean, presumably you become
121:22 after the transaction the dominant provider of
121:23 care in the Nampa area, correct? Isn't that the
121:24 tenure of your note here?
121:25 A. I wouldn't say that we would "become
Page 122
122: 1 the dominant provider." We would be able to
122: 2 impact the quality of care that we're providing in
122: 3 a significant way.
122: 4 And when I'm -- when I'm referring to
122: 5 the "dominance of Saltzer" -- on our leadership
122: 6 team at St. Luke's, I believe I was the only one
122: 7 that lived in Nampa. And having grown up in
122: 8 Nampa, I had a pretty good sense of who Saltzer
122: 9 is, and it was a -- somewhat of an effort on my
122:10 part to communicate that Saltzer is a -- a
122:11 reputable and long-standing significant player in
122:12 that -- that community in health care.
122:13 And so, you know, sometimes numbers
122:14 represent, you know, a little more clearly how
122:15 many people are actually associated with the

122:16 group.
122:17 Q. So you were buying a very significant
122:18 player in the Nampa market, fundamentally?
122:19 A. Yeah. That -- I had the interest of --
122:20 of aligning clinically with a lot of people. And
122:21 this, Saltzer, represented that opportunity.
122:22 Q. And was it lost on you that you would
122:23 also have more market power in this space?

Page Range: 122:25-123:6

122:25 THE WITNESS: I think that we would -- if I
Page 123
123: 1 recall what I was thinking, I think that -- that
123: 2 there's no question that there would be -- that
123: 3 that represents more market share. But I -- but
123: 4 what I was focused on primarily was being able to
123: 5 work with that number of med physicians to align
123: 6 clinically.