TESTIMONY OF JEFFREY CROUCH

Received on September 23 and September 24, 2014

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: 294:17-294:23

17 Q. Okay. What is it that Blue Cross would
18 have done differently had it known of St. Luke's
19 acquisition of those surgery centers?
20 A. We would have included the cost
21 differential of those services as part of the
22 increase and attributed that to the rate increase
23 we were trying to solve to.

Page Range: 295-07-295:20

07 Q. Okay. So -- so then can you be
08 specific what changes Blue Cross would have made
09 in its modeling of its proposals to St. Luke's in
10 order to -- or had it known of the acquisition of
11 the surgery centers?
12 A. We would have calculated -- so let's
13 say that the financial impact for a $150 million
14 contract is a -- let's say it is a $5 million
15 increase, that they had already achieved through
16 integrating those freestanding ambulatory surgery
17 centers into the hospital $3.5 million. So we
18 only needed to find a home for another $1.5
19 million of allowances instead of for the full
20 $5 million.

Page Range: 348:12-348:17

12 Q. But the physician fees, according to
13 the document prepared by Blue Cross, did not
14 increase for any of the physician practices
15 acquired by St. Luke's after the acquisition?
16 A. The physician component of the fees
17 paid did not increase.

Page Range: 342:04-342:13

04 Q. Okay. And then under the column for
05 "Immediate Reimbursement Change Commercial," it
06 describes the change as a "decrease."
07 Do you see that?
08 A. Yes.
09 Q. And does that indicate that when
10 St. Luke's acquired the practice, the commercial
11 reimbursement to St. Luke's decreased from what it
12 was when it was an independent practice?
13 A. Yes. That's what that indicates.

Page Range: 344:16-344:21

16 Q. Okay. But when it says "decrease"
17 here, what that means is that the amount of
18 reimbursement to the physician for professional

services decreased after the acquisition by St. Luke's?
A. Yes.

Page Range: 347:19-347:25

Q. BY MR. STEIN: When it says "decrease," it means here that the amount that Blue Cross paid to physicians associated with that practice was lower, the fee schedule amount was lower after St. Luke's acquired the practice than it was when the practice was independent, doesn't it?
A. That's what that would indicate, yes.