

**ORIGINAL**

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**



_____ )	
In the Matter of )	
OSF Healthcare System, )	
a corporation, and )	Docket No. 9349
Rockford Health System, )	
a corporation, )	Public Document
Respondents. )	
_____ )	

**RESPONSE TO COMPLAINT COUNSEL’S FIRST SET OF REQUESTS  
FOR ADMISSIONS TO RESPONDENTS**

Pursuant to Rule 3.32 of the Rules of Practice for Adjudicative Proceedings, 16 C.F.R. § 3.32, and the Scheduling Order entered by Chief Administrative Law Judge Chappell on December 20, 2011, Respondent OSF Healthcare System (“OSF”), by and through its counsel, provides its objections and responses to Complaint Counsel’s First Set of Requests for Admissions (“Requests”) as follows:

**GENERAL OBJECTIONS**

1. OSF objects to each of the Definitions and Instructions in the Requests to the extent they exceed the scope and authority of the Rules of Practice for Adjudicative Proceedings (the “Rules”), or to the extent they purport to impose obligations on OSF beyond what those Rules impose. OSF will respond to the Requests consistent with its obligations under the Rules.
2. OSF objects to the Requests to the extent they seek the disclosure of attorney-client privileged communications, attorney work product or information protected by the joint defense privilege.
3. OSF objects to the Requests that require responses based on information that came into OSF’s possession, custody, or control, solely as a result of Complaint Counsel’s investigation of the acquisition (as defined in the Requests), this proceeding, or the related proceeding before the United States District Court for the Northern District of Illinois (“Federal District Court”). OSF will respond to the Requests based on information that was in OSF’s possession, custody, or control and not obtained solely as a result of Complaint Counsel’s investigation of the acquisition (as defined in the Requests), this proceeding, or the related proceeding before the Federal District Court.

4. OSF objects to the Requests to the extent they require OSF to interpret statements made by, or the position of, Respondent Rockford Health System (“RHS”) or by third parties that OSF does not employ or no longer employs.
5. OSF objects to the Requests to the extent they require OSF to admit to the genuineness or authenticity of any documents created, assembled, produced, or otherwise prepared by RHS or by third parties that OSF does not employ or no longer employs.
6. OSF objects to the Requests to the extent that they are vague, ambiguous, or unclear, and to the extent that the Requests use terms that are undefined or not susceptible to a single meaning. To the extent OSF adopts any terms or phrases defined or used by Complaint Counsel, they are adopted solely for the sake of convenience in responding to the Requests. OSF does not accept or concede that any of the terms, phrases, or definitions are appropriate, descriptive or accurate.
7. OSF objects to the Requests to the extent they purport to require OSF to collect, organize, report information, or otherwise create documents not currently in its possession, custody, or control. All responses to the Requests are made on behalf of OSF only and are limited to information derived from its review of relevant materials within its possession, custody, or control. OSF’s investigation and discovery in this matter is ongoing. OSF accordingly reserves the right to supplement or amend its responses to the Requests.

### **SPECIFIC OBJECTIONS AND RESPONSES**

Subject to and without waiving any of its General Objections, OSF responds to Complaint Counsel’s Requests as follows:

1. Admit that RHS and OSF St Anthony each offer a high quality of patient care and achieve high patient satisfaction levels.

**RESPONSE:** OSF objects to this Request to the extent that no definition or measurement criteria is provided for the terms “high quality of patient care” and “high patient satisfaction levels” and it requires OSF to interpret what Complaint’s Counsel means as to these terms. Without waiving its objections, OSF states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the

information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

2. Admit that adult primary care physician services sold to commercial health plans constitutes a relevant product market.

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion. Without waiving its objections, OSF denies this Request.

3. Admit that an adult primary care physician services market properly excludes OB/GYN services and pediatric services.

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion. Without waiving its objections, OSF denies this Request.

4. Admit that general acute care inpatient hospital services sold to commercial health plans constitutes a relevant product market.

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion. Without waiving its objections, OSF denies this Request.

5. Admit that the general acute care inpatient hospital services market properly excludes outpatient services.

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion. Without waiving its objections, OSF denies this Request.

6. Admit that if RHS, OSF St. Anthony, and SwedishAmerican could set prices for general acute care inpatient hospital services sold to commercial health plans jointly, they could raise their reimbursement rates for those services by 5 to 10 percent or more for at least one of RHS, OSF St. Anthony, or SwedishAmerican.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of how RHS or SwedishAmerican sets its rates or contracts with commercial health plans. Without waiving its objections, OSF denies this Request. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and SwedishAmerican and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS and SwedishAmerican.

7. Admit that RHS, OSF St. Anthony, and SwedishAmerican are the only competitors for general acute care inpatient hospital services that are located in the relevant geographic market as defined by Respondents.

**RESPONSE:** OSF objects to this Request to the extent that it assumes the Respondents defined the relevant geographic market, especially when the Respondents do not have the burden of defining the relevant geographic market, and requires that OSF make a legal conclusion. Without waiving its objections, OSF denies this Request.

8. Admit that the relevant geographic market, as it is defined by Respondent, for adult primary care physician services is no broader than the relevant geographic market, as it is defined by Respondent, for general acute care inpatient hospital services.

**RESPONSE:** OSF objects to this Request to the extent that it assumes the Respondents defined the relevant geographic market generally and for adult primary care physician services and general acute care inpatient hospital services, especially when the Respondents do not have the burden of defining the relevant geographic market. OSF further objects to this Request to the extent that it requires that OSF make a legal conclusion and is vague, ambiguous and confusing. Without waiving its objections, OSF states that after reasonable inquiry, it does not have sufficient knowledge or information

to admit or deny this Request. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

9. Admit that absent the acquisition, RHS and OSF St. Anthony would continue any current projects, as well as pursue new initiatives, to maintain and continue to improve their quality of care and patient satisfaction levels.

**RESPONSE:** OSF objects to this request as it requires OSF to speculate about business strategy of a hypothetical situation that OSF has not yet considered, analyzed or evaluated. Without waiving its objections, OSF admits only that it is the goal of the OSF Mission to continue to provide services at OSF Saint Anthony Medical Center, but lacks sufficient knowledge or information as to the extent and ability OSF will have to continue current projects and improvement of patient care absent the acquisition. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

10. Admit that the acquisition will create the largest provider of general acute care inpatient hospital services in Rockford, regardless of whether market share is measured by discharges, patient days, or admissions.

**RESPONSE:** OSF objects to this request to the extent that it is vague as to the relevant time period in which the market share is measured. Without waiving its objections, OSF admits only that at the time of closing, the acquisition will create the largest provider, by a small margin, of general acute inpatient hospital services in Rockford, but denies the remainder of this Request.

11. Admit that the opinions of the United States District Court for the Northern District of Illinois, Western Division, in *United States v. Rockford Mem. Corp.*, 716 F. Supp. 1251 (N.D. Ill 1989) and the United States Court of Appeals for the Seventh Circuit in *United States v. Rockford Mem. Corp.*, 898 F.2d 1278 (7th Cir. 1990) do not include a statement that the proposed merger between SwedishAmerican and RHS would not have violated the antitrust laws if neither SwedishAmerican nor RHS had the largest market share in the relevant market.

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion and interpret judicial opinions. Without waiving its objections, OSF states that the judicial opinion speaks for itself and, therefore, OSF denies this Request.

12. Admit that the relevant geographic markets for both the general acute care inpatient hospital services market and the adult primary care physician services market in this case is no broader than the geographic market defined in the opinion of the Northern District of Illinois, Western Division, in *United States v. Rockford Mem. Corp.*, 716 F. Supp. 1251 (N.D. Ill 1989).

**RESPONSE:** OSF objects to this Request to the extent that it requires OSF to make a legal conclusion and interpret judicial opinions. Without waiving its objections, OSF states that after a reasonable inquiry OSF lacks sufficient knowledge or information to either admit or deny this request and the information available to OSF is insufficient to enable it to admit or deny this Request.

13. Admit that you are aware of no commercial health plan that currently markets or offers to Rockford employers or plan sponsors a PPO network that includes only one of RHS, OSF St. Anthony, or SwedishAmerican as an in-network provider of general acute care inpatient hospital services.

**RESPONSE:** Without waiving its objections, OSF denies this Request.

14. Admit that in 2010, Health Alliance Medical Plans accounted for less than 1 percent of the commercial inpatient admissions at RMH and OSF St. Anthony.

**RESPONSE:** OSF objects to this Request to the extent that it assumes that OSF has any knowledge of the number of commercial inpatient admissions of Health Alliance Medical Plan members at RHS. Without waiving its objections, OSF states it first contracted with Health Alliance in 2009 and that those Health Alliance Medical Plan members represent less than 1% of OSF inpatient admissions, but denies the remainder of the Request. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

15. Admit that during negotiations with commercial health plans over provider contracts, one objective of Respondents is to obtain rates and other contract terms that are as favorable as possible to Respondents.

**RESPONSE:** OSF objects to this Request to the extent that no definition or is provided for the terms “favorable as possible” with respect to “rates and contract terms” and requires OSF to interpret what Complaint’s Counsel means as to these terms. OSF further objects to the extent that this Request assumes OSF has any knowledge of RHS’s negotiations with commercial health plans over provider contracts. Without waiving its objections, OSF denies this Request and states that contract rates for various services are negotiated and agreed upon in conjunction with each other, and conjunction with other contractual terms, for the purpose of creating a provider contract that collectively covers the total cost of health care for all services provided. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to

enable it to admit or deny this Request as it pertains to RHS.

16. Admit that RHS's Board of Directors, OSF's Board of Directors, and the Sisters of the Third Order of St. Francis do not negotiate or approve provider contracts with commercial health plans.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of RHS's negotiation or approval process of contracts with commercial health plans. Without waiving its objections, OSF admits that OSF's Board of Directors and Sisters of the Third Order of St. Francis do not directly negotiate provider contracts with commercial health plans, but denies the remainder of this Request. OSF further states that the OSF Board of Directors, of which a majority is comprised of Sisters from The Sisters of the Third Order of St. Francis, approves contracts with commercial health plans. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

17. Admit that in their ordinary course, Respondents' employees utilize or otherwise review market shares that are calculated based on patient days.

**RESPONSE:** OSF objects to this Request to the extent that this Request assumes OSF has any knowledge of how RHS employees utilize or otherwise review market shares. Without waiving its objections, OSF denies this Request. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.



18. Admit that Respondents have not yet made final decisions regarding whether to consolidate trauma services after the acquisition is consummated, or where such services would be consolidated.

**RESPONSE:** Without waiving its objections, OSF admits this Request and further states that the process of making final decisions regarding the consolidation of trauma services and its location requires the exchange of competitively sensitive information between Respondents or their agents and has not yet occurred, however, the Respondents have reached a preliminary decision to consolidate Level 1 trauma services at one campus.

19. Admit that whether SwedishAmerican takes steps toward seeking a Level 1 designation for its trauma services is a factor that Respondents will consider when deciding whether to consolidate trauma services after the acquisition is consummated.

**RESPONSE:** OSF objects to this request as it requires OSF to speculate about business strategy of a hypothetical situation. Without waiving its objections, denies this Request. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

20. Admit that Respondents have not yet made final decisions regarding whether to consolidate cardiac surgery, elective interventional cardiology services, or cardiac electrophysiology services after the acquisition is consummated.

**RESPONSE:** Without waiving its objections, OSF admits this request and further states that the process of making final decisions regarding the consolidation of cardiac surgery, elective interventional cardiology services, or cardiac electrophysiology services requires the exchange of competitively sensitive information between Respondents or their agents

and has not yet occurred, however, the Respondents have reached a preliminary decision to consolidate cardiology services.

21. Admit that physician resistance to consolidation of trauma services, cardiac surgery, elective interventional cardiology services, or cardiac electrophysiology services may cause Respondents to elect not to consolidate one or all of these services if the acquisition is consummated, or may delay the consolidation of such services.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as to the term “physician resistance” and requires OSF to speculate as to what is meant by “physician resistance” and what “physician resistance” will exist in response to the acquisition and resulting consolidation of certain services. Without waiving its objections, OSF denies this Request. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

22. Admit that certain RHS and OSF executives have criticized the quality of the work done by FTI in assessing the cost savings or efficiencies that may result from the acquisition.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as to “the work done by FTI” and to the extent that this Request assumes OSF has any knowledge of statements made by RHS executives. Without waiving its objections, OSF denies that any OSF executives criticized the quality of FTI’s final business case analysis. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to statements of RHS executives and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to statements made by RHS executives.

23. Admit that certain RHS and OSF executives have expressed the belief that the FTI assessment of the cost savings or efficiencies that may result from the acquisition overstates the amount or extent of cost savings or efficiencies that are likely to be achieved if the acquisition is consummated.

**RESPONSE:** OSF objects to this Request to the extent that this Request assumes OSF has any knowledge of statements made by RHS executives. Without waiving its objections, OSF denies this Request and states that OSF did not see the RHS data relied upon by FTI in making its assessment of potential costs savings and efficiencies. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

24. Admit that whether the acquisition will cause OSF St. Anthony to avoid constructing a new bed tower will depend, in part, on Respondents' ability to consolidate clinical services at either RMH or OSF St. Anthony after the acquisition is consummated.

**RESPONSE:** Without waiving its objections, OSF admits that at this time, and to the extent that OSF has been able to evaluate the consolidation of services through the acquisition, the avoidance of the construction of the Bed Tower, which OSF believes the acquisition will allow it to avoid, depends, in part, on the consolidation of some clinical services. OSF states that whether the consolidation of other specific service lines would avoid of the construction of the Bed Tower is undetermined at this time and requires the exchange of competitively sensitive information between Respondents or their agents and has not yet occurred. OSF further states that as the Respondents develop integration plans, other opportunities for clinical integration are expected to become apparent.

25. Admit that the capital budgets for OSF St. Anthony for 2010 and 2011 did not allocate or designate any funds to constructing a new bed tower in the next three years.

**RESPONSE:** Without waiving its objections, OSF admits this Request.

26. Admit that RHS and OSF St. Anthony can accomplish some of the efficiencies that are contemplated in the FTI Merger Report either independently or through some means other than the acquisition.

**RESPONSE:** OSF objects to this Request to the extent that it assumes that the purpose of the FTI Merger Report was limited to merger specific cost savings and efficiencies. OSF also objects to this Request to the extent that it assumes OSF has knowledge of RHS's business operations and plans or financial performance. Without waiving its objections, OSF denies that efficiencies contemplated in the FTI Merger Report can be achieved independently or through some other means in the same cost effective and timely manner as would be provided through the acquisition. OSF states that the purpose of the FTI Merger Report was to create a business case of overall cost savings, not just those which are deemed to be merger specific. OSF further states that without the acquisition, other, not yet realized efficiencies, would be prevented from occurring to the detriment of positive cost savings, improved delivery of health care services to the community and improved patient outcomes. OSF further states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

27. Admit that on or about February, 2011, FTI estimated that it could assist RHS to achieve a \$10.1 to \$15.7 million reduction in RHS's annual recurring operating costs in the absence of any merger, joint venture, or affiliation with OSF.

**RESPONSE:** Without waiving its objections, OSF states that, after reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request and the information available to OSF is insufficient to enable it to admit or deny this Request.

28. Admit that on or about February, 2011, FTI estimated that it could assist OSF St. Anthony to achieve a \$16.1 to \$22.8 million reduction in OSF St. Anthony's annual recurring operating costs in the absence of any merger, joint venture, or affiliation with RHS.

**RESPONSE:** Without waiving its objections, OSF denies this Request and further states that FTI identified certain performance improvement opportunities which may be achieved without analyzing or verifying if the identified opportunities could feasibly be obtained at OSF Saint Anthony Medical Center. OSF further answers that FTI's identification of these certain performance opportunities were for the purpose of FTI's proposal to sell consulting services to OSF.

29. Admit that with the exception of any plans contemplated by RHS, OSF St. Anthony, or SwedishAmerican, you are unaware of any attempt by any entity since at least 2000 to construct a new general acute care hospital in Rockford.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of plans contemplated by RHS, SwedishAmerican or any other health care provider. Without waiving its objections, OSF admits this Request.

30. Admit that, based on the current forecasts and projections used by Respondents in the ordinary course of business, RHS and OSF St. Anthony are not at risk of closing during at least the next five years if the acquisition is not consummated.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of RHS's forecasts, projections, financial stability or business plans. Without waiving its objections OSF admits only that it is not at the risk of closing all of its services offered in the Rockford area, but lacks sufficient knowledge or information as to the extent and scope of services OSF will be able to financially provide in the Rockford area in the next five years. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

31. Admit that even when a provider contract specifies reimbursement from the commercial health plan to Respondents based on a pay for value, pay for performance, patient centered medical homes, or risk-sharing payment methodology, the level or dollar amount of reimbursement is still a negotiated term.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as it relates to "the level or dollar amount of reimbursement" and to the extent that it assumes that OSF has any knowledge of RHS's commercial health plan contract terms, commercial health plan negotiations and commercial health plan negotiation strategies. Without waiving its objections, OSF admits that the level or total dollar amount of reimbursement is one of the numerous commercial health plan contract terms which is negotiated collectively with other contract terms. OSF further states that the inclusion of reimbursement based on pay for value, pay for performance, patient centered medical homes or risk-sharing payment methodologies lessens, under some agreements dramatically, the significance of the negotiated reimbursement rates in the contract. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or

information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

32. Admit that in 2010 and year-to-date through November, 2011, RHS and OSF St. Anthony had cost coverage ratios over 200% with some commercial health plans.

**RESPONSE:** OSF objects to this Request to the extent that no definition or measurement criteria is provided for the term “cost coverage ratios” and it requires OSF to interpret what Complaint’s Counsel means as to this term. OSF further objects to this Request to the extent that it is vague and ambiguous as to “some commercial health plans” and to the extent that it assumes OSF has any knowledge of RHS’s cost coverage ratios with commercial health plans. Without waiving its objections, OSF states OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request and the information available to OSF is insufficient to enable it to admit or deny this Request.

33. Admit that the majority of both RHS's and OSF St. Anthony's provider contracts with commercial health plans identify a specific price term(s) for general acute care inpatient hospital services that is different from the price term(s) for outpatient services.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as to “price term(s)”. OSF also objects to this Request to the extent that it assumes OSF has any knowledge of the terms of RHS’s provider contracts with commercial health plans. Without waiving its objections, OSF admits that some of its provider contracts with commercial health plans have separate price terms for specific general acute care inpatient hospital services and specific outpatient services, but denies the remainder of this Request. OSF further states that the price terms for specific general acute care

inpatient hospital services and specific outpatient services are negotiated and agreed upon in conjunction with each other, and in conjunction with other contractual terms, for the purpose of creating a provider contract that collectively covers the total cost of health care for all services provided. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

34. Admit that as measured by inpatient admissions, the volume of general acute care inpatient hospital services obtained by residents of Rockford increased between 2007 and 2010.

**RESPONSE:** Without waiving its objections, OSF admits that based on data reported by Illinois facilities to the Illinois Hospital Association, which thereafter is provided to the Illinois Department of Public Health, the inpatient admissions at Illinois facilities for residents of Winnebago County and Boone County in 2010 was higher than in 2007, and denies the remainder of this Request. OSF further states that the number of inpatient admissions at Illinois facilities for residents of Winnebago County and Boone County has continually declined each year from 2008 to 2010.

35. Admit that management plans created in the ordinary course of business by OSF St. Anthony indicate that the population living in OSF St. Anthony's primary service area is expected to grow through at least 2014.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as to what management plans are referenced in this Request. Without waiving its objections, OSF admits that the OSF Saint Anthony Medical Center management plans for fiscal years 2009, 2010 and 2011 indicate a population growth for the OSF Saint



Anthony Medical Center's primary service area, but this population growth is substantially less than the national average of expected population growth.

36. Admit that in the weeks before October 26, 2005, Mr. Smith, RHS's Director of Managed Care at that time, spoke with an employee of SwedishAmerican and was told that SwedishAmerican was not in a bid process with Blue Cross Blue Shield of Illinois at that time.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of communications between RHS employees and SwedishAmerican employees. Without waiving its objections, OSF states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request and the information available to OSF is insufficient to enable it to admit or deny this Request.

37. Admit that on or about December, 2007, Mary Carlis, OSF St. Anthony's Director of Revenue, received a call from an employee of SwedishAmerican to discuss the income limits that OSF St. Anthony used to determine eligibility for charity care assistance.

**RESPONSE:** Without waiving its objections, OSF admits that in December 2007 Mary Carlis, Director of Revenue Cyle, reported a request by SwedishAmerican for "information on what percentage above the poverty level OSF Saint Anthony Medical Center calculates charity care assistance" as evidenced in PX0354 and denies the remainder of this Request.

38. Admit that after receiving the call referenced in RFA 37, OSF St. Anthony shared information regarding its charity care assistance policy with RHS or SwedishAmerican.

**RESPONSE:** Without waiving its objections, OSF states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request and the information available to OSF is insufficient to enable it to admit or deny this Request.

39. Admit that during 2007, OSF retained a healthcare consulting firm, Health Care Futures, that conducted interviews with executives of RHS, SwedishAmerican, and certain other hospitals, and shared its notes from those interviews with OSF St. Anthony and/or RHS.

**RESPONSE:** OSF objects to this Request to the extent that it is vague and ambiguous as to “certain other hospitals”. Without waiving its objections, OSF admits that in 2007 OSF hired Health Care Futures to assist OSF Saint Anthony Medical Center in establishing a five year budget and strategic plan which incorporated an analysis of community needs and current health care services provided in the community. OSF further admits that it received what has been labeled as PX0350, PX0349, PX0462 and PX0463 which are documents created by Health Care Futures. OSF states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS, SwedishAmerican or other certain hospitals. Also, the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS, SwedishAmerican or other certain hospitals.

40. Admit that the notes OSF received from the interview referenced in RFA 39 by Health Care Futures of an RHS executive included discussion of RHS's financial condition, physician employment strategy, the potential construction of a new RI-1S hospital in Rockford, and the potential for Advocate Health Care to affiliate with a Rockford provider.

**RESPONSE:** Without waiving its objections, OSF admits only that it received the document labeled PX0349 which is a document created by Health Care Futures and summarily reports RHS's general financial condition, physician employment and the potential for Advocate Health Care to affiliate with a Rockford provider, but denies the remainder of this Request.

41. Admit that the notes OSF received of the interview referenced in RFA 39 by Health Care Futures of a SwedishAmerican executive included discussion of SwedishAmerican's financial condition, physician employment strategy, contractual relationships with regional hospitals, and perspective on competition from hospitals outside Rockford.

**RESPONSE:** Without waiving its objections, OSF admits only that it received the document labeled PX0350 which is a document created by Health Care Futures and summarily reports SwedishAmerican's general financial condition, physician employment and regional hospitals outside Rockford, but denies the remainder of this Request.

42. Admit that the provider contracts between OSF St. Francis Medical Center and Humana, Blue Cross Blue Shield of Illinois, Health Alliance, and Aetna each include a term that precludes the health plan from including Methodist Medical Center as an in-network provider in the health plan's provider network.

**RESPONSE:** OSF objects to this Request as it is over broad and irrelevant to the current proceeding, or the related proceeding before the United States District Court for the Northern District of Illinois. Without waiving its objections, OSF and denies this Request and further states that the listed provider contracts provide rates based on a network construction that allows OSF to operate and maintain its current services while being able to offer lower rates for services to participating commercial health plans.

43. Admit that in support of a proposed merger between SwedishAmerican and OSF, SwedishAmerican or their attorneys represented to the Department of Justice in or around 1997 that if that merger was blocked, it was likely that either SwedishAmerican, OSF Saint Anthony, or both, would fail and exit the market.

**RESPONSE:** Without waiving its objections, OSF admits only that the September 17, 1997 Memorandum in Support of The Proposed Acquisition of SwedishAmerican Health System Corporation by OSF Healthcare System states, in addition to many other factors,

that “without the merger at least one of the Rockford hospitals is likely to fail” due to lack of demand, decreased inpatient days and managed care penetration, and denies the remainder of this request.

44. Admit that Respondents expect or anticipate that the Patient Protection and Affordable Care Act of 2010 will lower the percentage of the Rockford population that will not have health insurance, relative to the percentage of the Rockford population that would not have health insurance in the absence of this legislation.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of RHS’s expectations or beliefs regarding the Patient Protection and Affordable Care Act of 2010. Without waiving its objections, OSF admits, that without any other relevant and contributing factors, it anticipates that the Patient Protection and Affordable Care Act of 2010 will impact the number of patients in Rockford that have insurance coverage through commercial health plans, Medicaid or Medicare. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

45. Admit that Respondents have not yet been able to project, estimate, or otherwise analyze in the ordinary course of business how the Patient Protection and Affordable Care Act of , 2010 will change or affect Respondents' revenues, expenses, or operating income, in any of the-ways that such terms may be used by Respondents in the ordinary course of business.

**RESPONSE:** OSF objects to this Request to the extent that it assumes OSF has any knowledge of RHS’s analysis or estimations regarding the Patient Protection and Affordable Care Act of 2010. Without waiving its objections, OSF denies this Request

and anticipates that Patient Protection and Affordable Care Act of 2010 will have a significant negative impact on revenues and operating income. OSF further states that after a reasonable inquiry, it does not have sufficient knowledge or information to admit or deny this Request as it pertains to RHS and the information available to OSF is insufficient to enable it to admit or deny this Request as it pertains to RHS.

January 3, 2012

Respectfully submitted,

OSF HEALTHCARE SYSTEM

By: /s/Alan I. Greene  
One of Its Attorneys

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 3<sup>rd</sup> day of January, 2012, a copy of OSF Healthcare System's Response to Complaint Counsel's First Set of Requests for Admissions to Respondents was served on the following via electronic mail:

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I hereby certify that on this 3<sup>rd</sup> day of January, 2012, a copy of OSF Healthcare System's Response to Complaint Counsel's First Set of Requests for Admissions to Respondents was served via hand delivery upon:

The Honorable D. Michael Chappell  
Chief Administrative Law Judge  
Federal Trade Commission  
600 Pennsylvania Avenue, NW, H-110  
Washington, DC 20580

/s/Alan I. Greene  
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