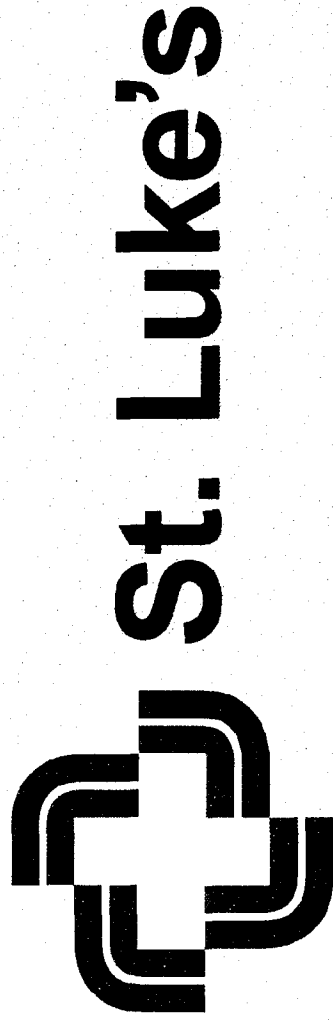




PROMEDICA
HEALTH SYSTEM



District Court's Decision


- The District Court's decision granting a preliminary injunction has no precedential effect on the Commission's decision on appeal.
- *Univ. of Tex. v. Camenisch*, 451 U.S. 390, 395 (U.S. 1981) (explaining that “the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits”)
- “It must be remembered that at this stage the Court has heard only summaries of testimony and neither party has had the benefit of presenting live witnesses subjected to extensive cross-examination.” *FTC v. ProMedica Health System, Inc.*, No. 3:11 CV 47, 2011 WL 1219281(N.D. Ohio Mar. 29, 2011) (Katz, J.).

MCOs Paid St. Luke's Below Market Rates

IN CASE

St. Luke's Hospital

Managed Care Opportunity Analysis
November 25, 2009



Market Assessment Overview

Inpatient Executive Summary

Compare to their respective geographic markets?
Inpatient rates are approximately 26% below the market average.

Loss payors?
Commercial payor from a total revenue perspective pays near the least compared to other commercial payors, reimbursing St. Luke's at ~50% of the Thomson Reuters market median for Toledo.

- Paramount, a relatively small payor for St. Luke's, is the St. Luke's only payor among its top 8 where average IP reimbursement rates are above the Thomson Reuters median for the Toledo market.

- Overall as a system, St. Luke's inpatient rates are approximately 26% below the market average.

- Overall, the lesser performing services relative to market mean are rehab (-46%), orthopedics (-38%), gynecology (-33%), and spine (-31%). However, these services account for 22% of total IP revenue, but the majority of these low paying services are orthopedics and spine (16% combined), two very important service lines.

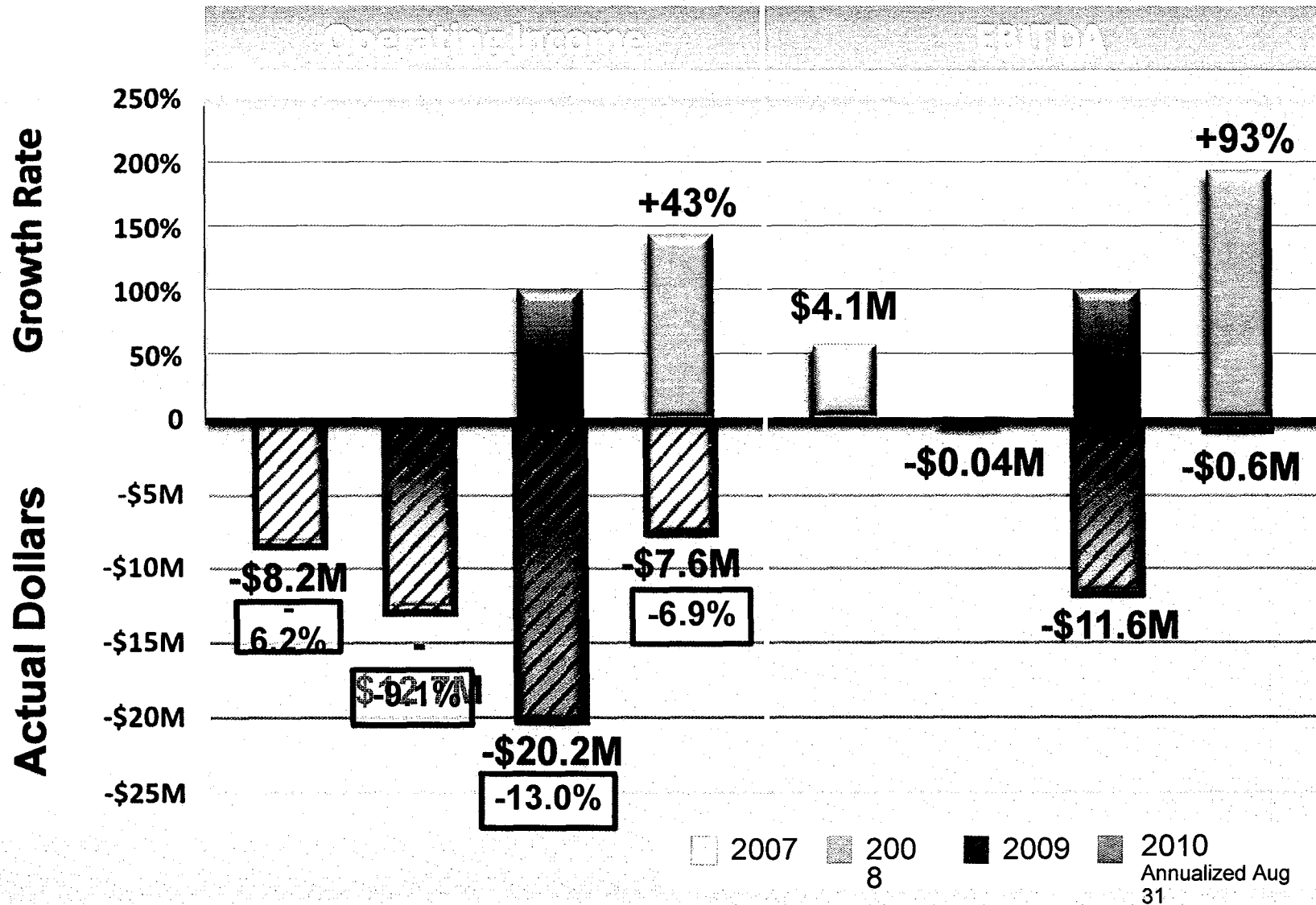
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PX01029-007
FTC-SLH-000290

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St. Luke's Actual Financial Performance



OhioCare Financial Statements, 2009; PX511; PX512; PX513; PX516; PX519; PX1265;

Complaint Counsel's Relevant Market Allegations

V.

THE RELEVANT SERVICE MARKETS

A.

General Acute-Care Inpatient Services Market

12. The Acquisition threatens substantial harm to competition in two relevant service markets. The first is **general acute-care inpatient hospital services sold to commercial health plans**, which encompasses a broad cluster of basic medical and surgical diagnostic and treatment services that include an overnight hospital stay, such as emergency services, internal medicine, and minor surgeries. It is appropriate to evaluate the Acquisition's likely effects across this entire cluster of services, rather than analyzing each service independently, because the group of services is offered by the same competitors under similar competitive conditions.

Complaint, ¶ 12

Complaint Counsel's Relevant Market Allegations

B. Inpatient Obstetrical Services

14. The Acquisition also threatens substantial competitive harm in the market for inpatient obstetrical services. This market encompasses hospital services provided for labor and delivery of newborns. No other hospital services are reasonably interchangeable with inpatient obstetrical services, making this an appropriate relevant market within which to analyze the likely effects of the Acquisition.

Complaint, ¶ 14

CERTIFICATE OF SERVICE

I, Christine Devlin, hereby certify that I served a true and correct copy of the foregoing Respondent's Compilation of Materials to Present During Oral Argument, upon the following individuals by hand on February 2, 2012.

Donald S. Clark
Secretary
Federal Trade Commission
600 Pennsylvania Avenue, NW, Room 172
Washington, DC 20580

The Honorable D. Michael Chappell
Administrative Law Judge
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

I, Christine Devlin, hereby certify that I served a true and correct copy of the foregoing Respondent's Compilation of Materials to Present During Oral Argument, upon the following individuals by electronic mail on February 2, 2012:

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