

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

In the Matter of)
)
North Texas Specialty Physicians,)
Respondent)
)
_____)

Docket No. 9312

**DECLARATION OF JOHN H. LOVELADY IN SUPPORT OF NON-PARTY
PACIFICARE OF TEXAS, INC.’S MOTION FOR IN CAMERA TREATMENT
OF CERTAIN DESIGNATED HEARING EXHIBITS**

I, John H. Lovelady, declare and state as follows:

1. I am Vice President of Network Management for PacifiCare of Texas, Inc. (“PacifiCare”). In this capacity, I am responsible for provider contracting on behalf of PacifiCare in Texas.

2. I submit this declaration in support of Non-Party PacifiCare’s Motion Requesting In Camera Treatment of Certain Designated Hearing Exhibits which were identified by Complaint Counsel and counsel for North Texas Specialty Physicians (“NTSP”) as potential trial exhibits. PacifiCare produced this material during the initial investigatory and later discovery phases of the above-captioned matter.

3. Each of the documents and portions of my deposition testimony identified in Attachment A to this declaration contains sensitive and confidential material and/or information that would result in competitive injury to PacifiCare should it be made public. Each document identified by PacifiCare as requiring in camera treatment has been maintained internally by PacifiCare in a confidential manner, only being shared

with those individuals requiring the knowledge contained within the document or the subject of the testimony. Additionally, each such document and portion of deposition testimony has, upon production in this case, been designated “Confidential” or “Restricted Confidential, Attorney Eyes Only” pursuant to the Protective Order entered October 16, 2003.

4. Each of the documents and portions of deposition testimony identified in PacifiCare’s Motion Requesting In Camera Treatment of Certain Designated Hearing Exhibits and listed in Attachment A contains highly sensitive information relating to the prices and terms at which PacifiCare contracts for healthcare services. The public disclosure of any of this critically sensitive information would be highly detrimental to PacifiCare as it would provide both the healthcare providers with whom PacifiCare does or may contract and PacifiCare’s competitors with sensitive pricing and contracting terms, causing serious and irreparable harm to PacifiCare resulting in significant loss of business advantage.

5. Documents and deposition testimony containing information relevant to the prices and terms at which PacifiCare contracts for healthcare services are important to PacifiCare’s business, competitiveness and profitability. Were a competitor to know with certainty (as opposed to unverified belief) the pricing and contracting terms of PacifiCare, PacifiCare’s competitors would have gained an advantage at the expense of PacifiCare. Moreover, healthcare providers armed with PacifiCare’s pricing and contracting information could use it to their advantage in future negotiations with PacifiCare.

6. The documents and deposition testimony for which PacifiCare seeks in camera treatment are sensitive and material to PacifiCare's business, competitiveness and profitability. Disclosure of the information contained in these documents and the deposition testimony will result in loss of business advantage and serious irreparable injury to PacifiCare.

I declare, under penalty of perjury, that the above statements are true and correct. Executed this 9th day of April, 2004 in Dallas, Texas.

John H. Lovelady