

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

RECEIPT COPY

In the Matter of

**PIEDMONT HEALTH ALLIANCE, INC.,
a corporation,**

and

**PETER H. BRADSHAW, M.D.,
S. ANDREWS DEEKENS, M.D.,
DANIEL C. DILLON, M.D.,
SANFORD D. GUTTLER, M.D.,
DAVID L. HARVEY, M.D.,
JOHN W. KESSEL, M.D.,
A. GREGORY ROSENFELD, M.D.,
JAMES R. THOMPSON, M.D.,
ROBERT A. YAPUNDICH, M.D.,
and WILLIAM LEE YOUNG III, M.D.,
individually**

Docket No. 9314

FEDERAL TRADE COMMISSION
04 APR -2 PM 4:58
DOCUMENT PROCESSING

**RESPONDENT PIEDMONT HEALTH ALLIANCE, INC.'S
FIRST REQUESTS FOR ADMISSIONS TO COMPLAINT COUNSEL**

Pursuant to FTC Rules of Practice 3.32, Respondent Piedmont Health Alliance, Inc., ("PHA") requests that Complaint Counsel respond in writing to the following requests for admissions within 10 days of the service of these requests.

INSTRUCTIONS

1. Complaint Counsel is instructed to provide a sworn written answer or objection to each Request for Admission (“RFA”) below. If an objection is made, the reasons therefore shall be stated. The answer shall specifically admit or deny the matter or set forth in detail the reasons why Complaint Counsel cannot truthfully admit or deny the matter. An answer shall fairly meet the substance of the requested admission, and when good faith requires that Complaint Counsel qualify its answer or deny only a part of the matter on which an admission is requested, Complaint Counsel shall admit so much of the RFA as is true and qualify or deny the remainder.
2. Complaint Counsel may not give lack of information or knowledge as a reason for failure to admit or deny unless Complaint Counsel states that it has made reasonable inquiry and that the information known to or readily obtainable by Complaint Counsel is insufficient to enable it to admit or deny.
3. If Complaint Counsel considers that a matter of which an admission has been requested presents a genuine issue for trial, Complaint Counsel may not, on that ground alone, object to the request, Complaint Counsel may deny the matter or set forth reasons why Complaint Counsel cannot admit or deny it.
4. Any matters not responded to within 20 days of service of this request will be deemed admitted.
5. Whenever a RFA is stated in the conjunctive, it shall also be taken in the disjunctive, and vice versa.

6. Whenever a RFA is stated in the singular, it shall also be taken in the plural, and vice versa.
7. This is a continuing request for admissions. If after making your initial production you obtain or become aware of any further information responsive to this request, you are required to provide supplemental responses.

DEFINITIONS

1. The term “Complaint Counsel,” “FTC” or “you” means the Federal Trade Commission, its staff, attorneys, economists, paralegals, employees and other agents.
2. The term “Respondents” means Piedmont Health Alliance, Inc., Peter H. Bradshaw, M.D., S. Andrews Deekens, M.D., Daniel C. Dillon, M.D., Sanford D. Guttler, M.D., David L. Harvey, M.D., John W. Kessel, M.D., A. Gregory Rosenfeld, M.D., James R. Thompson, M.D., Robert A. Yapundich, M.D., and/or William Lee Young, III, M.D.
3. The term “Piedmont Health Alliance” or “PHA” means Piedmont Health Alliance, Inc., its current and former directors, officers, employees, agents, representatives, predecessors, affiliates, partnerships, and joint ventures, as well as its constituent bodies, divisions, committees, and councils.
4. The term “payor” means any person who purchases, reimburses for, or otherwise pays for health care services for itself or for any other person or that administers such purchase, reimbursement, or payment, including health insurance companies, preferred provider organizations, health maintenance organizations, government health benefit programs,

employers that provide health benefits to employees, unions that provide health benefits to members, and third-party administrators of health benefits claims.

5. The term “Unifour area” means the area comprised of Alexander, Burke, Caldwell and Catawba counties of North Carolina.
6. The term “and/or” shall be construed conjunctively or disjunctively as applicable under the circumstances to provide the broadest possible scope to the request for production.
8. The term “Bonus Plan Contract” means contracts between PHA and self funded employers in which PHA physicians share financial risk, *e.g.*, PHA’s current contract with Hickory Springs.
7. The term “Modified Messenger Model” means the contracting method used by PHA that is described in paragraphs 28-31 of the Complaint.

REQUESTS FOR ADMSSIONS

Request 1:

Admit that the legality of PHA’s Bonus Plan Contracts is not being challenged in this adjudicative proceeding.

Request 2:

Admit that under PHA’s Modified Messenger Model, each PHA member only received information about the fees that those individual practices would have received under previous payer contracts.

Request 3:

Admit that under PHA's Modified Messenger Model, no PHA member received information about fees that other PHA physician members received under prior payer contracts.

Request 4:

Admit that under PHA's Modified Messenger Model, PHA physician members submitted different low and high minimum prices to PHA than were submitted by other physician members.

Request 5:

Admit that under PHA's Modified Messenger Model, PHA physician members submitted different high minimum prices to PHA.

Request 6:

Admit that under PHA's Modified Messenger Model, PHA physician members within particular specialties, submitted different low minimum prices to PHA.

Request 7:

Admit that under PHA's Modified Messenger Model, PHA physician members within particular specialties, submitted different high minimum prices to PHA.

Request 8:

Admit that under PHA's Modified Messenger Model, the information that PHA provided to its physician members referred to in paragraph ___ of the Complaint reflected PHA's lowest priced fee schedules.

Request 9:

Admit that under PHA's Modified Messenger Model, PHA doctors who submitted minimum prices that exceeded a payer's initial proposal did not know whether the payer would permit them to later accept that proposal.

Request 10:

Admit that PHA's computer algorithm which matches payer offers to PHA physician members' minimum prices is an acceptable method of establishing a competitive equilibrium under the joint DOJ/FTC HealthCare Guidelines.

Request 11:

Admit that United is satisfied with the current level of PHA member participation in its contract.

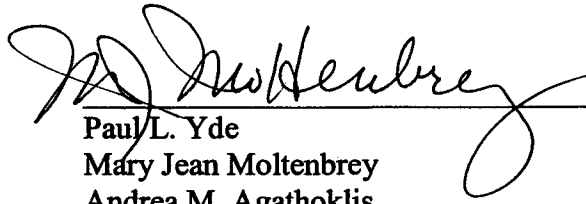
Request 12:

Admit that Cigna is satisfied with the current level of PHA member participation in its contract.

Request 13:

Admit that the information referenced in paragraph 29 of the Complaint that PHA provided to its physician members included PHA's lowest priced contracts.

Date: April 2, 2004



Paul L. Yde

Mary Jean Moltenbrey

Andrea M. Agathoklis

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ATTORNEYS FOR RESPONDENT PIEDMONT
HEALTH ALLIANCE, INC., et. al.

CERTIFICATE OF SERVICE

I, Andrea M. Agathoklis, hereby certify that on April 2, 2004:

I caused two copies of Respondents' Request for Admissions, to be served by hand delivery upon the following person:

Hon. D. Michael Chappell
Administrative Law Judge
Federal Trade Commission
Room H-104
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

I caused two copies of Respondents' Request for Admission, to be served by hand delivery upon the following:

Office of the Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

I caused a copy of Respondents' Request for Admission to be served via electronic mail transmission and followed by U.S. mail delivery to the following person:

Markus H. Meier, Esq.
David Narrow, Esq.
Complaint Counsel
Federal Trade Commission
601 New Jersey Ave., N.W.
Washington, D.C. 20001


Andrea M. Agathoklis

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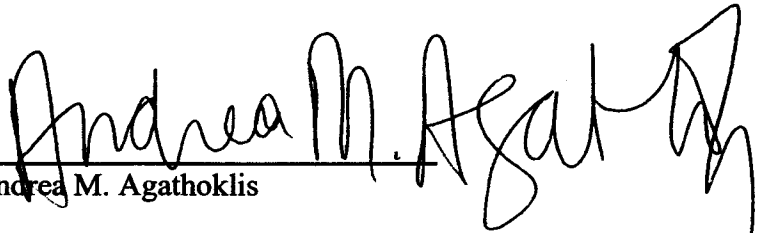
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David Narrow, Esq.
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Washington, D.C. 20001



Andrea M. Agathoklis