

DISTRICT COURT, _____ COUNTY, COLORADO

Case No. 06-CV-

DEPOSITION OF CRAIG R. SAMMONS

February 7, 2007

DONALD E. _____,

Plaintiff,

vs.

THE CREST APARTMENTS, LLC, PAULS REAL ESTATE
PARTNERS, LP, and ENVIRONMENTAL DESIGNS, INC.,

Defendants.

APPEARANCES:

WARREN B. BOSCH, LLC

By Warren B. Bosch, Esq.

501 South Cherry Street, Suite 610

Denver, Colorado 80246

Appearing on behalf of Plaintiff.

DEWHIRST & DOLVEN, LLC

By Barbara J. Stauch, Esq.

950 South Cherry Street, Suite 600

Denver, Colorado 80246

Appearing on behalf of Defendants

The Crest Apartments, LLC, and

Pauls Real Estate Partners, LP.

LEVY, MORSE & WHEELER, P.C.

By Stuart D. Morse, Esq.

6400 South Fiddlers Green Circle
Suite 900
Englewood, Colorado 80111
Appearing on behalf of Defendant
Environmental Designs, Inc.

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1 APPEARANCES (Continued):

2 DICKINSON, PRUD'HOMME, ADAMS & INGRAM, LLP
By Craig A. Adams, Esq.
3 730 - 17th Street, Suite 730
Denver, Colorado 80202
4 Appearing on behalf of Deponent.

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11 Pursuant to Notice and the Colorado

12 Rules of Civil Procedure, the deposition of

13 CRAIG R. SAMMONS, called by Defendant

14 Environmental Designs, was taken on Wednesday,

15 February 7, 2007, commencing at 1:00 p.m., at 6400
16 South Fiddlers Green Circle, Suite 900, Englewood,
17 Colorado, before Alan H. Agren, Certified
18 Shorthand Reporter and Notary Public within and
19 for the State of Colorado.

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1 I N D E X

2 DEPOSITION OF CRAIG R. SAMMONS

3	EXAMINATION BY:	PAGE
4	Mr. Bosch	41, 49
5	Ms. Stauch	36
6	Mr. Morse	4, 47, 50
7	Mr. Adams	--

9	EXHIBITS	INITIAL REFERENCE
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12	10	Explanation of provider benefits, with attachments	10
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14

16	Name of person paying \$2,055.30 bill re Exhibit 10	38
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2 CRAIG R. SAMMONS,

3 being first duly sworn in the above cause, was

4 examined and testified as follows:

5 EXAMINATION

6 BY MR. MORSE:

7 Q Good afternoon. Would you please state
8 your full name and spell your last name for the
9 record.

10 A It's Craig Randall Sammons, and the
11 last name is S-a-m-m-o-n-s.

12 Q Mr. Sammons, what is your professional
13 address, please?

14 A 10101 Ridgeway Parkway. That's Lone
15 Tree, Colorado 80124.

16 Q What is there?

17 A Sky Ridge Medical Center.

18 Q What's your position with Sky Ridge?

19 A I'm the chief financial officer.

20 Q How long have you been chief financial
21 officer for Sky Ridge?

22 A Since April of 2003.

23 Q You must be very good because you look
24 very young, so --

25 A I've been with the company for

5

1 15 years.

2 Q Really.

3 MR. MORSE: Go ahead and mark this.

4 (Exhibit 9 marked.)

5 Q (By Mr. Morse) I apologize. I was
6 told I was given four copies of this, but I'll
7 make you all copies in a little bit. This is the
8 cover letter, the witness check, the subpoena and
9 return of service.

10 Mr. Sammons, I'm handing you what I've
11 had marked as Deposition Exhibit 9 in the _____
12 versus Environmental Designs, et al., case.

13 As part of Exhibit 9, you'll see a
14 subpoena duces tecum that was served on your
15 company, correct?

16 A (Deponent examined exhibit.) I guess
17 so.

18 Q Turn to the page marked subpoena duces
19 tecum.

20 A Okay.

21 Q First there is a notice and then the
22 subpoena.

23 Do you see that?

24 A Yes.

25 Q Have you seen that before today?

6

1 A Yeah, I think it's the same thing I
2 have here. Yes.

3 Q Okay. You are the person designated by
4 your company to respond to the areas of inquiry
5 identified in the subpoena?

6 A That is correct.

7 Q So you would have the most knowledge
8 about all of those areas that are identified in
9 the subpoena?

10 A That's correct.

11 Q What have you done aside from talk to

12 counsel in order to prepare for the deposition
13 today?

14 A I really just pulled the information
15 relative to the patient's visit and looked at the
16 account, and I was looking to see who the
17 insurance payer was and what we were reimbursed,
18 and I gathered that information so I could explain
19 how we were paid.

20 Q The insurance payer in this case being
21 United Healthcare?

22 A That's correct.

23 Q Have you ever provided testimony in a
24 deposition before today?

25 A Never have.

7

1 Q Okay. Let me just go over with you
2 very briefly some of the ground rules. This is a
3 somewhat informal proceeding, but it's very formal
4 to the extent that your testimony here is under

5 oath just as you would be in court, and it has the
6 same effect and weight as if you were in the
7 courtroom.

8 Because of that, it's important,
9 obviously, that the reporter be able to understand
10 your testimony and take it down as you intend it
11 to be. Okay. So therefore I'm going to ask you
12 where it's appropriate to use words such as yes or
13 no, instead of saying, "uh-huh" or "huh-uh" or
14 "um-hum" or "hum-um," things of that nature,
15 because it makes for a better and clearer record.

16 A Okay.

17 Q If at any time today you don't
18 understand one of my questions, please let me know
19 that you haven't understood and I'll rephrase it
20 for you, okay?

21 A Okay.

22 Q If you answer a question, I will assume
23 that you understood it and answered it
24 accordingly; is that fair?

25 A Sure.

1 Q Another thing that people do many times
2 in conversation is you'll anticipate what my
3 question is before I'm completed with it and start
4 to answer. Again, because he's taking down your
5 testimony, we want to have a clear record of what
6 your testimony is, it's important that you wait
7 until I'm finished before speaking and I'll try to
8 wait until you are finished before I speak again,
9 okay?

10 A Okay.

11 Q Now, when I asked you a moment ago
12 about what you did to prepare, you said, "I pulled
13 this account"?

14 A Correct.

15 Q And when you said, "this account," you
16 meant the account for Donald _____; is that
17 correct?

18 A That's correct.

19 Q The individual identified as the
20 plaintiff in this case?

21 A That's correct.

22 Q And specifically with reference to his
23 February, 2004, visit to Sky Ridge Hospital; is
24 that correct?

25 A Specifically to his visit on

9

1 February 11th, and he was discharged on the 13th,
2 so, yes.

3 Q So what we are talking about here are
4 Sky Ridge's records for Mr. Donald _____'s visit
5 on February 11th through February 14th?

6 A Correct.

7 Q 2004?

8 A Correct.

9 Q You mentioned a moment ago that some of
10 the documents that you pulled were documents that
11 showed the amount that was paid on behalf of
12 Mr. _____ for his account; is that correct?

13 A Yes.

14 Q Can you show me those documents,

15 please.

16 A Yes. I have -- I have an explanation
17 of benefits from United Healthcare where we were
18 paid by them, by United.

19 Q Okay.

20 MR. MORSE: Would anybody mind if I
21 make a trip down the hall to the copy machine so
22 we can all look at this at the same time?

23 MR. BOSCH: Fine.

24 MR. MORSE: I'll just be a moment.

25 (Recess from 1:06 p.m. to 1:10 p.m.)

10

1 MR. MORSE: Back on the record.

2 Mark this.

3 (Exhibit 10 marked.)

4 Q (By Mr. Morse) Mr. Sammons, I'm going
5 to hand you what I've marked as Deposition
6 Exhibit 10. That's four pages and those are the
7 documents you gave me with regard to the amounts
8 that your company -- I'm just going to call it

9 Sky Ridge for short.

10 Is that acceptable?

11 A Yes.

12 Q -- received in payment for the account
13 for Mr. _____; is that right?

14 A Yes.

15 Q The first page is entitled a "Provider
16 Explanation of Benefits." This is a document that
17 Mr. _____'s insurer sends to you saying these are
18 the amounts that we were billed and these are the
19 amounts that we are paying based upon those
20 amounts, correct?

21 A Yes.

22 Q And this is sent directly to Sky Ridge
23 because it's a provider explanation, right?

24 A It's -- well, actually, it was sent to
25 our -- one of our cash receipts centers. As

11

1 you'll see, it's in Atlanta, Georgia. A P.O. box.

2 They process it on our behalf, so -- to be exact.

3 Q Okay. What is the next page?

4 A The next page is a fax cover. I had
5 to -- yesterday when this was requested, I had to
6 call our patient account service center that's
7 located in downtown Denver and they had to print
8 this explanation of benefits and fax it to me.

9 Q Okay.

10 A We don't keep it on-site.

11 Q Okay. And the third page of
12 Exhibit 10, can you tell me what that is, please?

13 A Yes. That's a screen print of the
14 charges by revenue category that I was able to
15 print out of our accounts receivable system.

16 Q The revenue categories, are those
17 listed on the left-hand side under the word
18 "Category"?

19 A That is correct.

20 Q Then I notice that there are some
21 handwritten notes at the bottom of the screen
22 print?

23 A That's correct. I -- what I did when I
24 looked at the explanation of benefits, I wanted to

25 take the terms of the contract and go back and

12

1 determine if we got paid correctly by United and
2 we did indeed.

3 The patient was in-house three days and
4 you'll see that I calculated three days at \$1,306
5 for \$3,918 in routine reimbursement or per diem
6 reimbursement.

7 With this particular patient, this
8 patient had some implants. I believe it was an
9 ankle injury. And so that's why I printed the
10 revenues by revenue category. Revenue
11 Category 278 is how we categorize implants and
12 for those we receive special reimbursement at
13 50 percent of our charges on top of the per diem
14 that we receive.

15 So for the \$8,717 in implants, we have
16 50 percent of that for 4,358.50. We add that to
17 the \$3,918 and that's now exact to the \$8,276.50
18 that we were paid.

19 Q Okay.

20 A That's how we calculate it.

21 Q If we look up above in the screen, that

22 same figure, 8,276.50 is listed as a receipt?

23 A That's correct.

24 Q And then to the left you also have

25 Category 278 and then the \$8,717?

13

1 A That is correct.

2 Q And just so I'm clear that I understand

3 this correctly, you -- you listed that out

4 separately because you get paid on a different

5 basis for that particular category?

6 A That's correct. Any time a patient

7 receives implants, we -- with United, we receive a

8 carve-out reimbursement for those implants because

9 they are expensive.

10 Q What is the last page then of

11 Exhibit 10?

12 A The last page is a simple screen print
13 of Donald _____'s account from our accounts
14 receivable system.

15 Q Okay.

16 A And it just provides basic demographics
17 and a summary of the payments that we received.

18 Q So you received two payments on this
19 account?

20 A Correct.

21 Q One of them for \$6,221.20?

22 A Correct.

23 Q And you received that March 15th of
24 '04?

25 A Correct.

14

1 Q And then you received another payment
2 November 17, '04, in the amount of \$2,055.30?

3 A Correct. First payment was the amount
4 that United paid and the second payment was the
5 balance due from the patient, their coinsurance.

6 Q Because he had an 80-20 policy?

7 A That is correct. Along with a \$500
8 deductible.

9 Q Would you agree with me, Mr. Sammons,
10 then that the \$6,221.20 amount combined with the
11 \$2,055.30 amount represents the reasonable value
12 of the services and treatments rendered to
13 Mr. _____?

14 A Well, in terms of reasonable, it was
15 within the terms of the United Healthcare
16 agreement that we have.

17 Q Okay. And do you consider that
18 agreement to be a reasonable agreement?

19 A I believe it's a reasonable agreement
20 within the managed care environment, yes.

21 Q Okay. Your company continues to make a
22 profit based upon the amounts that it receives
23 through its contracts?

24 A Yes.

25 Q In other words, you wouldn't be

1 accepting these amounts if you didn't feel they
2 were reasonable compensation for the services
3 rendered, correct?

4 A I think that's a fair statement.

5 Q The first page of the explanation of
6 benefits -- I'm just going to call it an EOB; is
7 that fair?

8 A That's exactly the term I would use.

9 Q The first page of the EOB on Exhibit 10
10 has "Amount Charged" column of 33,525.77.

11 Do you see that?

12 A Yes.

13 Q How is that number arrived at?

14 A That is just the sum of all of the
15 individual charges that were processed on this
16 patient's account. And that can be everything
17 from the room and board, which is specifically
18 shown separately, to the pharmaceuticals, the
19 implants, the OR time that we charge for. The
20 charging process is very detailed by service,
21 so --

22 Q Okay.

23 MR. MORSE: Mark this.

24 (Exhibit 11 marked.)

25 Q (By Mr. Morse) Mr. Sammons, I'm going

16

1 to hand you a document that I've had marked as

2 Deposition Exhibit 11. Can you tell me what that

3 is?

4 A (Deponent examined exhibit.) Yes.

5 This is in the same system that I was referring to

6 before, our accounts receivable system. This is a

7 detailed listing of all of the charges that I was

8 referring to.

9 Q Okay. So if we were to add up, for

10 example, the columns on the right-hand side of the

11 page of Exhibit 11, we are going to come up with

12 this amount or charge amount at the top of the

13 page, the top quarter of the page, of 33,525.77;

14 is that correct?

15 A If it was printed correctly, it is. I

16 didn't provide this.

17 Q Well, just let me tell you that what
18 I've done is gone through here because there are
19 separate screen prints, okay. The first two pages
20 are for the same charges and they add up to that
21 33,525.77 amount. The next page is an individual
22 charge for 283 for x-rays, right?

23 A Right.

24 Q The next page after that is a combined
25 charge amount of \$640, again for x-rays, correct?

17

1 A Correct.

2 Q And then the last -- or the next page,
3 I should say, is a charge amount for \$357, again
4 for x-rays?

5 A Correct.

6 Q And I'll represent to you that if you
7 add up all of those pages it comes up to just a
8 little over \$40,000.

9 A Okay.

10 Q Why is Sky Ridge willing to accept
11 \$6,000 -- \$6,221 on a \$33,500 bill?

12 A Well, we sign agreements with various
13 providers or insurance companies and each
14 agreement is based on what that company has in
15 terms of membership and what volume they can bring
16 to our facility, and I guess I should point out
17 that all of these contracts are HealthOne-based
18 agreements. They are not unique to Sky Ridge
19 Medical Center.

20 So the reimbursement we receive at
21 Sky Ridge is the same we receive in all of our
22 sister facilities in the market and they are --
23 these contracts are negotiated jointly. And,
24 again, it's based on pretty much what -- you know,
25 pretty much based on what that insurance company

18

1 has enrolled in terms of membership and that's why
2 we would accept less charges.

3 Q Okay. So if it was Anthem insurance,
4 the numbers might be slightly different than what
5 you are getting paid by United, or if it was
6 PacifiCare or any number of other carriers; is
7 that right?

8 A Every payer is different.

9 Q Are they generally in the same range?

10 A Well, the ranges vary pretty
11 significantly.

12 Q Okay. Do you have any carriers that
13 would -- that pay the 33,525 amount?

14 A Not in full, no, not that we would have
15 a contract with.

16 Q Okay. Do you have any statistics in
17 terms of how often for all patients seen you get
18 paid in full the entire amount charged versus a
19 contract amount?

20 A Probably for Sky Ridge Medical Center,
21 in the 3 to 4 percent range.

22 Q 3 to 4 percent do what?

23 A Would pay full charges.

24 Q And are those people typically insured
25 or uninsured?

1 A Insured. When you asked the question,
2 I was referring to approximately 3 to 4 percent of
3 our population is in what we consider traditional
4 commercial insurance plans, not a managed care
5 agreement that we have signed a contract with. So
6 for those traditional commercial insurance payers,
7 many of those we would get full charges. But,
8 again, it only represents about 3 to 4 percent of
9 our entire book of business at the hospital.

10 Q And of your book of business at the
11 hospital, what percentage would be people that are
12 uninsured?

13 A Approximately 2-1/2 to 3-1/2 percent.

14 Q Do those people typically pay the full
15 amount that's charged or do you make arrangements
16 with them?

17 A No. We offer immediately a 50 percent
18 discount to our self-pay patients. Patients

19 without --

20 MR. BOSCH: Self?

21 A Self-pay. Patients without insurance,
22 we offer 50 percent as a discount off of charges.

23 Q (By Mr. Morse) Why do you do that?

24 A To put them on a fairly even playing
25 field with what we expect from various payers.

20

1 Q So it's pretty infrequent that the
2 company gets paid the full amount charged?

3 A Very infrequent. I mean, if you
4 consider 3 percent pretty infrequent.

5 Q And I think we've covered approximately
6 6 to 7 percent of the hospital population now with
7 the commercial pay and the self-pay.

8 What other percentages are there? How
9 else is the book of business divided?

10 A Well, we have approximately 20 percent
11 in Medicare volume. Approximately 2 percent in
12 Medicaid volume. We have established that about

13 3 percent is commercial. 3 percent is the
14 self-pay or no insurance and we run -- we have
15 about 4 percent in workers' comp carriers and then
16 the rest would be managed care volume.

17 Q And, again, Mr. Agren just -- you speak
18 somewhat softly and Mr. Agren will want to know
19 exactly what you said because he's taking it down
20 literally word for word.

21 A Okay.

22 Q For the 20 percent of the business
23 that's Medicare, what would happen to a bill such
24 as the bill depicted in the explanation of
25 benefits, Exhibit 10, or the itemized bill in

21

1 Exhibit 11?

2 A Well, I can't tell you exactly because
3 the way we get reimbursed from Medicare is based
4 on a diagnosis-related group or DRG, and I don't
5 know the specific DRG that this patient fell

6 under, nor the weight of that DRG. But on average
7 for our Medicare population, we get reimbursed
8 approximately 22 to 23 percent so it would
9 actually be in this same range because the total
10 expected reimbursement here was right at 25
11 percent of charges (indicating). So Medicare
12 would probably have reimbursed about the same
13 amount.

14 Q Okay. And when you say, "here," you
15 were pointing to Mr. _____'s explanation of
16 benefits, correct?

17 A That's correct.

18 Q So what you were saying is that -- and
19 I'm just trying to make sure the record is clear
20 what we are talking about.

21 What you were saying is that the target
22 reimbursement rate for the United Healthcare
23 managed care contract is around 20 to 25 percent?

24 A For this specific claim, it was
25 25 percent.

1 Q Okay.

2 A As a whole population of patients with
3 United, we achieve greater reimbursement than
4 25 percent. This was one claim.

5 Q Okay. And then for the 2 percent of
6 the population that are paid by Medicaid, what
7 would the reimbursement rate typically be there?

8 A Typically, closer to 10 to 12 percent
9 of our charges.

10 Q Why do the commercial pay carriers pay
11 so much greater?

12 A Because we don't -- we do not sign a
13 contract with them. Therefore, they don't -- they
14 are not bringing a book of business to our
15 organization. There is no agreement with the
16 payer.

17 We sign agreements, again, with payers
18 because they have a certain amount of enrolled
19 membership and we want to treat them -- treat that
20 population of patients so we agree to accept
21 lesser amounts to have access to their membership.

22 Q Okay.

23 A Well, for commercial payers, we again
24 don't sign agreements and then generally have a
25 much smaller book of business.

23

1 Q Okay. And I might be off base using
2 this example, but I'm -- tell me I'm wrong.

3 For example, Kaiser has its own HMO and
4 they also have their own facilities and doctors
5 that they pay for, but on occasion for whatever
6 reason they can't deal with a particular patient
7 and they'll have to send them out to another
8 facility. Are they one of those people that would
9 then end up being a commercial payer?

10 A At some locations, they could be. At
11 Sky Ridge Medical Center, we actually have a
12 contract with Kaiser. So an example of something
13 that would occur in our hospital, but yet I would
14 agree with your analogy.

15 Q Like Swedish also has a contract, too,

16 right, with Kaiser, or did?

17 A Yes.

18 Q Is Rose Medical Center out of
19 HealthOne?

20 A Yes.

21 Q Turning back, if you will, please, to
22 Exhibit 11 -- that's the itemized statement -- on
23 the left there is a "Procedure" code.

24 Do you see that?

25 A Yes.

24

1 Q Does that correlate in any way with the
2 revenue categories that are depicted on the third
3 page of Exhibit 10?

4 A Every procedure code has a revenue code
5 attached to it, but it's not shown here on your
6 document that you have been provided.

7 Q Okay.

8 A But that's --

9 Q So we couldn't figure out by looking at

10 Exhibit 11 which of these charges go into which
11 revenue categories?

12 A It would take us a while.

13 Q You could, but the rest of us couldn't?

14 A Right.

15 Q Okay. The first procedure code that's
16 listed on Exhibit 11 is Procedure 103, "Suture
17 General," and then it has "Count 4" and an amount?

18 A Correct.

19 Q What is the significance of the count?

20 A That would represent four packs of
21 suture, so we -- and each individual pack would be
22 part of the 136. If we had a calculator, we would
23 take the 136, divide by 4, each pack of suture
24 would be represented -- or we were charged that
25 amount for each individual pack, so we charge for

25

1 four-pack of suture.

2 Q And I take it the reason that you

3 charge four packs of suture is because somebody
4 wrote in in Mr. _____'s chart that those four
5 packs were used somewhere along the way of his
6 treatment?

7 A Correct.

8 Q How do you arrive at the individual
9 charge per suture pack?

10 A Well, it's based on historical pricing.
11 When Sky Ridge Medical Center was opened in August
12 of '03, we took the pricing of one of our existing
13 facilities -- and that facility was Aurora Medical
14 Center -- and so we copied their entire charge
15 master. And our charge master is our complete
16 listing of charges by department and so that's
17 what our pricing is based on is the historical
18 pricing of Aurora Medical Center.

19 Q Okay. So then where does Aurora
20 Medical Center get the number?

21 A Well, again, at some point in time --
22 who knows when we began using this general package
23 of suture. But at some point in time there had to
24 have been a decision made do we pay X amount for
25 the suture and we decided where we are going to

1 mark it up X percent to the term and price.

2 Q Okay. Do you know what those figures
3 are?

4 A I do not know what the cost of that
5 suture is.

6 Q Okay. Do you have those records
7 available to you somewhere, if they are ultimately
8 needed?

9 A Yes, we could determine what the cost
10 is for each of these items.

11 Q What would be involved in doing that?

12 A It would be a lot of work to
13 individually price out each item because I'm sure
14 as we look at the summary of charges, you can see
15 the counts. There is, you know, probably 300
16 charges that have been processed on this account.
17 Some of these are supply items.

18 The supply items, we can go back and
19 determine what do we pay for that supply. Other

20 items are not necessarily supply related. They --
21 an example would be the OR Level 5, a ccount of
22 157 for \$10,833. That's not a specific supply
23 item. That's a charge that represents the nursing
24 time that was involved and --

25 Q The use of your facility?

27

1 A The use of the facility, covers the
2 overhead of the facility and so forth.

3 Q The machines that are in the OR?

4 A All of the investment in the facility.

5 Q All right. And can you tell me what
6 that means? Since you've picked that one, what
7 does OR Level 5 mean?

8 A Within the OR charging system we have,
9 I believe, 10 levels of -- of OR cases and this --
10 and with Level 1 being the most minor of cases and
11 Level 10 being the most complex of OR cases. At
12 an OR Level 5, that puts this case pretty much as

13 a medium in terms of intensity case.

14 Q Who makes that determination, whether
15 to charge it as a 1, 5 or 10?

16 A They -- the OR charging clerk that we
17 have that works in our OR has a grid that they go
18 by and they determine based on the complexity of
19 the case which level would be charged.

20 Q What's on the grid that helps them make
21 that determination?

22 A Well, it would be -- it's based on both
23 the complexity of the case and the type of case.
24 This is an orthopedic case, so certain -- to give
25 you an example, certain neurosurgery cases would

28

1 be higher on the grid in terms of how much we
2 charge for those cases and that would be based on
3 certain neurosurgery cases requiring more
4 equipment, additional equipment and so forth. So
5 it's pretty much based on what equipment is used,
6 what type of surgery we are dealing with.

7 An example of a case that would be
8 lower on the grid would be a laparoscopic
9 appendectomy, that's correct. That would be lower
10 on the grid because it's a less complicated case,
11 a very routine surgery that we do a lot of.

12 Q And so the decision on the amount to
13 charge is left to the clerk in the OR?

14 A That is correct.

15 Q And what training does that person
16 receive to understand the differences between the
17 complexity of the surgeries?

18 A Well, I'm not sure I could sit here and
19 articulate the specific training that the person
20 receives to help in the OR department.

21 Q So this -- going back to this charge we
22 were just talking about, the OR Level 5, this is a
23 charge per minute and there -- so therefore there
24 are 157 minutes charged?

25 A That's correct.

1 Q And so if we wanted to find out what
2 the fee per minute was, we would take 10,833 and
3 divide it by 157?

4 A That's correct.

5 Q And I'm going to attempt to do that, so
6 just hang on.

7 Mr. Sammons, we both did the math and
8 we came up with \$69 a minute?

9 A That's correct.

10 Q And how -- again, how is that figure
11 decided in order to charge it? What -- what goes
12 into making the decision that it's going to be \$69
13 versus \$59 versus 109?

14 A Well, again, these prices that we
15 utilize are historical pricing from the Medical
16 Center of Aurora and so I was not a part of
17 determining that rate. That was a market -- those
18 were rates that were being used within the market.
19 And as a new facility, when we opened in August of
20 '03, we copied their charges.

21 Q Are these charges generally similar to
22 all of the HealthOne facilities? For example, if

23 we were to compare your charges to Aurora's, they
24 are going to be the same, right?

25 A They are.

30

1 Q If we compare them to Swedish or Rose,
2 are they going to be the same?

3 A They would not be exactly the same, but
4 in general across the board we average
5 approximately the same amounts in revenue per
6 visit.

7 Q What makes them different? Why are
8 they different?

9 A Well, each hospital has its own
10 historical base of charges and these facilities
11 were not all opened as HealthOne facilities. They
12 were individual, independent hospitals that came
13 together to form HealthOne many years ago.

14 Q So I take it, sir, that the answer to
15 my question with regard to all of these charges is
16 going to be essentially the same, it all comes

17 from the historical charges billed by the Aurora
18 facility; is that correct?

19 A That's correct. Well, that's correct
20 except for the Revenue Code 278 that I referred to
21 earlier.

22 Q The implants?

23 A The implants. The implants are
24 individually priced as we utilize them and they --
25 the \$8,717 worth of implants that I believe we

31

1 had -- yes, 8,717, those implants had a markup of
2 3-1/2 times. So if we broke out our calculators,
3 the cost of those implants would be approximately
4 \$2,491.

5 Q And you received \$4,358.50, correct?

6 A That's correct.

7 Q Not quite \$2,000 profit, if you will,
8 on that implant?

9 A Correct.

10 Q What is the entry on Exhibit 11
11 that's -- let's see, about seven entries down
12 there is a count 13 for "screw locking all sizes,"
13 \$3705?

14 A That would be the -- that item would
15 roll up into the Revenue Code 278. That is
16 specific hardware or implants that were utilized
17 in repairing this gentleman's ankle.

18 Q So it's all part of the implant
19 charges?

20 A Correct.

21 Q Then there is a charge for the recovery
22 room, the first hour, \$1,493?

23 A Correct.

24 Q And, again, that is a figure that you
25 received from the historical pricing of the Aurora

1 facility?

2 A That's correct.

3 Q And you don't know what specifically

4 went into arriving at that number in terms of
5 deciding that that was how that was going to be
6 charged or at what rate?

7 A That is correct.

8 Q And as I understand it, because of your
9 contract with United Healthcare, you are not
10 allowed to charge Mr. _____ any more than the
11 amounts allowed for in the explanation of
12 benefits; is that correct?

13 A That's correct.

14 Q So he can never be requested to pay
15 anything more than his co-pay and deductible?

16 A That's correct. This account is
17 totally satisfied.

18 Q But what I'm saying is that if the
19 amount charged was 33, 5, and the amount you
20 received from the insurer was 6,221, with the
21 exception of his co-pay amount, which was
22 approximately \$2,000, and the deductible, you --
23 you will not ever go to Mr. _____ and say, "Pay us
24 the difference between the 33, 5 and the 6221 you
25 received"?

1 A That's correct. We would never do
2 that.

3 Q And nor is anyone else in the world
4 required to pay that number either; is that right?

5 A Nobody else covered by a contract such
6 as United would ever be expected to pay the
7 difference, correct.

8 Q Okay. But in this particular case,
9 nobody is required to pay that?

10 A Oh, correct, no.

11 Q So that number just evaporates, if you
12 will?

13 A We adjust it off. We write off that
14 amount.

15 Q And so you have no expectation of ever
16 receiving that because of the contract with
17 United?

18 A That's correct.

19 Q Did you bring any of the documents

20 pertaining to the contract between HealthOne and
21 United Healthcare?

22 A I did not.

23 Q And you have those documents available?

24 A I have the terms of those -- actually,
25 let me back up and tell you. I do not have the

34

1 2004 terms of the contract. Our managed care
2 department at the division office located here in
3 Denver would have those -- that contract.

4 Q Is it relatively easy to locate?

5 A Yes, should be.

6 Q Could you produce that to me?

7 MR. ADAMS: We'll talk about that
8 later, Stuart.

9 Q (By Mr. Morse) I understand that you
10 probably have some proprietary interest in not
11 disseminating that information; is that the -- am
12 I correct in anticipating that?

13 A Right.

14 Q And to be honest with you, I don't want
15 to publicize it. I don't want to have anybody
16 know about it, either. It's just for the purposes
17 of this case. At some point in time I may need to
18 know that information. And in part that's going
19 to be something that I have to work out with
20 Mr. Bosch, but I need to know that it's available
21 and, if so, how difficult it is to get.

22 So as I understand it, your testimony,
23 this account for Mr. _____ is completely satisfied
24 as of today; is that correct?

25 A Correct.

35

1 Q And it was as of November, 2004 --
2 November 17th?

3 A That's correct.

4 Q Were there any other documents that
5 were covered by the subpoena that you had
6 reservation about producing besides the agreement

7 between HealthOne and United Heathcare?

8 A I don't believe so. Is there anything
9 else that you're seeking that I haven't provided?

10 Q Well, the foundational basis for the
11 charges that we've talked about. There is really
12 just this historical pricing information, how did
13 these numbers develop.

14 A Correct. And that's something that
15 really wouldn't -- there wouldn't be a document
16 that would provide that -- the basis of that that
17 we could produce.

18 Q All it would be is historical
19 information as to this is how much we charged for
20 it in the past?

21 A Correct.

22 Q But in terms of -- don't you have to
23 undergo some sort of annual or periodic review in
24 terms of trying to figure out whether these
25 amounts are going to help you meet your budget or

1 your target income?

2 A Well, we do monitor the profitability
3 of various service lines and -- but, again,
4 measuring profitability within the industry is not
5 based on the gross charges, but more based on the
6 terms of those contracts that you have with
7 various payers. We look at what we need to be
8 paid to be profitable as opposed to what do we get
9 to charge to be profitable.

10 Q Because it's the amount that you get
11 paid that really drives your business?

12 A Yes, that's correct. That's our net
13 revenue.

14 Q Right. And those charges are the
15 charges that you've determined to be reasonable in
16 terms of reimbursing you for what you actually
17 have to have in order to, A, meet your expenses
18 and, B, make a profit?

19 A Correct.

20 MR. MORSE: Thank you, sir. That's all
21 I have for you today.

22 EXAMINATION

23 BY MS. STAUCH:

24 Q I just have a few follow-up questions.
25 It won't take me too long. My name is Barbara

37

1 Stauch and we met off the record, but I represent
2 The Crest Apartments and Pauls Real Estate in this
3 case. I just have a couple of follow-up
4 questions.

5 I'm looking at Exhibit 10 and on the
6 last page it says that \$2,055.30 was paid on
7 November 17th of '04.

8 Do you have any information as to
9 whether that amount was paid directly by Mr. _____
10 or whether that may have been paid by another
11 insurance carrier?

12 A Oh, it was paid by Mr. _____.

13 Q Okay. And the other question I have
14 is --

15 MR. MORSE: I hate to do this --

16 MS. STAUCH: It's okay.

17 MR. MORSE: How do you know that?
18 A Well, let me rephrase my answer. That
19 was not paid by United Healthcare.
20 Q (By Ms. Stauch) Okay.
21 A And it is reflected on this -- and I'll
22 show -- if you look across the line where it says,
23 "UnitedHC" --
24 Q Yes.
25 A -- that is where we paid the \$6,221.

38

1 And then you saw all across the line from the
2 2,055, that was processed as a self-paid payment.
3 Therefore, it was on the patient's portion that
4 they owed.
5 Now, whether or not he had some other
6 third party pay that, that I don't know exactly.
7 I could look at that and tell.
8 Q Yes, and that was actually what my
9 question was. I mean, you can't tell from looking
10 at this whether, for instance, his mom paid it, he

11 paid it?

12 A I didn't pull the check, but I could.

13 I could find out for you.

14 Q How difficult would it be to do that?

15 A Well, it's November 17th of '04, so it

16 might take me a little bit of time, but I can go

17 back and research that, if that's important.

18 Q If you wouldn't mind doing that, I

19 would appreciate it. If you find it a little bit

20 more arduous than you would expect, just have your

21 attorney contact me and we can always discuss it,

22 too, but it would be helpful --

23 A Okay.

24 Q -- to, I think, everybody involved.

25 In general, when Sky Ridge through

39

1 its -- I think you called it cash -- your cash

2 center -- or I don't know what you called this

3 place in Atlanta. You had a name for it.

4 A We have regional centers that accept
5 payments.

6 Q Okay. Is there ever instances where
7 you receive the provider explanation of benefits
8 and have a disagreement over the amount that's
9 being allowed, where you would want to go back,
10 for instance, to the carrier and say, "Well, we
11 disagree with the way you figured this. We think
12 you should pay more than what you agreed to pay"?

13 A Only if they didn't pay per the terms
14 of the contract.

15 Q Okay.

16 A If they pay -- we know ahead of time
17 what we expect in terms of payments because we
18 have all of the contracts modeled in our accounts
19 receivable system so the adjustment was much
20 before we received payment. We knew what to
21 expect. If the payment came through differently,
22 we would research why.

23 Q Okay. So if United Healthcare is
24 the -- or the insurance carrier and, say, their
25 contract -- I mean, I just want to make sure I

1 understand.

2 On the non-room and board portion, is
3 it just a percentage of what's billed?

4 A No.

5 Q So is it kind of a line item by line
6 item percentage? I mean, do they -- for
7 example -- go ahead.

8 A I don't mean to interrupt you, but if
9 you go back to Exhibit 10 and you look at the
10 third page, the \$8,276 that we were paid, again it
11 was broken down into two components. 50 percent
12 of the implant charges, so that was a percent of
13 charge, and then the remaining reimbursement was
14 the \$1,306 and that's a per diem. It's a fixed
15 amount that we accepted for all surgical patients
16 per patient day.

17 So the rest of the reimbursement has
18 nothing to do with the charges that we charge. We
19 could have charged half of what we did and still
20 gotten paid the same amount.

21 Q Okay. So that's kind of based on this
22 guy is a surgical patient versus, you know,
23 someone comes in with pneumonia, their per diem
24 might be a different amount?
25 A Correct.

41

1 Q I wanted to make sure I understood
2 that.

3 A Yes.

4 MS. STAUCH: I don't believe I have any
5 other questions. I appreciate your help.

6 EXAMINATION

7 BY MR. BOSCH:

8 Q Mr. Sammons, just a few questions.

9 If Mr. _____ had presented himself on
10 February 11, 2004, at Sky Ridge Medical Center,
11 would he have been admitted to the hospital if he
12 did not have insurance?

13 A Absolutely.

14 Q Would he have remained in the hospital
15 for the time he was, in this case, through the
16 14th, if he did not have insurance?

17 A Absolutely.

18 MR. MORSE: Object to form.

19 Q (By Mr. Bosch) And assuming the same
20 services were provided to Mr. _____ and he didn't
21 have insurance, do I understand it that he would
22 have been presented a bill for \$33,525.77?

23 A That's correct.

24 Q Now, do you deem that amount to have
25 been reasonable for the services provided?

42

1 MR. MORSE: Object to the form.

2 A We would not have expected full payment
3 of that balance.

4 Q (By Mr. Bosch) No. That's not my
5 question.

6 The question is, do you determine that
7 amount to have been reasonable for the services

8 provided to him in February of 2004?

9 MR. MORSE: Object to the form.

10 A I don't agree -- I would not agree that
11 I would expect him to pay that and be a reasonable
12 amount for him to pay.

13 Q (By Mr. Bosch) We are not talking
14 about your expectations of what he would pay. I'm
15 talking about the bill.

16 Sky Ridge Medical Center wouldn't send
17 out a bill that they didn't think was reasonable
18 for the services provided, would they?

19 MR. MORSE: Object to form.

20 A The charges represent the services that
21 were provided. The charges reasonably represent
22 the services that were provided.

23 Q (By Mr. Bosch) So that would make the
24 bill, in your opinion, of \$33,525.77 a reasonable
25 amount for the services provided; is that correct?

1 MR. MORSE: Object to the form.

2 MS. STAUCH: Join.

3 MR. BOSCH: They are objecting because
4 they don't like my question, but you can answer.

5 A I'm not sure I like your question, to
6 be honest with you, because when we talk about the
7 reasonableness of a bill we charge to represent
8 what we provided to a patient, the charges were
9 reasonable. So, yes, I would say the charges were
10 reasonable for the services provided, if that
11 answers your question.

12 Q (By Mr. Bosch) Would they have been --
13 well, let me go back to what you said about
14 patients that don't have insurance.

15 You present them the full bill,
16 correct?

17 A At that time we did. We do not today.

18 Q Let's talk about at that time. You
19 present the full bill?

20 A At that time we did.

21 Q With the expectation of payment?

22 A That's correct.

23 Q Now, if Mr. _____ said, "I don't have

24 insurance, by golly, and I can't pay this bill," I
25 assume you would work something out, and let's

44

1 talk about how you would do this in February of
2 2004.

3 A Okay. In February of 2004, if a
4 patient presented without insurance and had
5 such -- such as Mr. _____'s did, because he was an
6 inpatient -- we would visit him in his patient
7 room and discuss what resources he has to pay the
8 bill, and we would immediately offer a 50 percent
9 discount off of those charges.

10 Q Based on?

11 A Again, based on trying to put the
12 uninsured population on an even playing field with
13 the insured population.

14 Q So let's suppose for a moment Mr. _____
15 had no insurance but he had adequate resources to
16 pay the bill.

17 What would have been Sky Ridge's

18 expectation?

19 MR. MORSE: Object to form.

20 A Again, we would -- regardless of
21 resources, we would offer the 50 percent discount.

22 Q (By Mr. Bosch) Payable when?

23 A Typically, within 30 days.

24 Q So you wanted cash money within 30
25 days?

45

1 A That's what we ask for.

2 Q Now, as I understand your testimony,
3 Healthcare -- United Healthcare had a sweetheart
4 deal with HealthOne?

5 MR. ADAMS: Object to the form.

6 MR. MORSE: Join.

7 MS. STAUCH: Join.

8 Q (By Mr. Bosch) They don't like the
9 term "sweetheart deal."

10 They had a contract or repricing

11 agreement with HealthOne, correct?

12 A That's right.

13 Q And based upon that repricing
14 agreement, you received 6,200 -- the hospital
15 received \$6,221.20 from United Healthcare?

16 A That's correct.

17 Q Now, you said that you wouldn't be
18 expecting that amount if you did not feel it was
19 reasonable.

20 Do you recall your testimony in that
21 regard?

22 A I do.

23 Q What did you mean by that?

24 A Well, when I talk about reasonableness
25 with a specific payer, I don't always agree that

1 a -- the amount we got paid for a specific patient
2 was reasonable, but what we get paid in total for
3 all of the services that we provide within a given
4 fiscal year, we deem that reimbursement to be

5 reasonable. We do better on some patients than we
6 do on others.

7 So really when we look at a book of
8 business like United Healthcare, we are looking at
9 the entire population of patients, not one
10 individual patient, and here we are focused on one
11 individual patient today.

12 Q So we would have to look at the
13 arrangement that HealthOne had with United
14 Healthcare because of its number of members; is
15 that correct?

16 A That's a large number of patients.

17 Q Which is compelling or of interest to
18 HealthOne to have that pool of resources use its
19 facilities, would that be correct?

20 A Yes.

21 Q So that's part of what goes into your
22 determination, as I understand it, and your
23 testimony that the \$6,221.20 was reasonable in
24 this particular case?

25 A Yes.

1 Q You're factoring in all of these other
2 things with HealthOne and United Healthcare's
3 population of patients that you expect to receive?

4 A Correct.

5 Q And that's, again, because Mr. _____
6 had the benefit of being a United Healthcare
7 member?

8 A Correct.

9 MR. BOSCH: Thank you, sir. I believe
10 that's all I have.

11 EXAMINATION

12 BY MR. MORSE:

13 Q I just have a few follow-up questions.

14 A Okay.

15 Q You said that noninsured patients are
16 immediately offered a 50 percent reduction of the
17 total amount charged; is that correct?

18 A That's correct.

19 Q And I take it in some circumstances
20 that 50 percent number is also negotiated; is that

21 true?

22 A That's correct.

23 Q And so if it -- if the uninsured person
24 is so inclined to talk to you about it, they might
25 even be able to get you to agree to take an amount

48

1 that you would accept, say, from a United
2 Healthcare or an Anthem or PacifiCare?

3 A It does happen at times, yes.

4 Q And just so I'm clear, sir, the
5 33,525.77 amount that Mr. Bosch just went over
6 with you in discussing the term "reasonable," your
7 testimony is that the way that HealthOne arrives
8 at that number is reasonable, but you don't expect
9 that to be the reasonable amount paid for the
10 services rendered?

11 MR. BOSCH: Object to the form.

12 A I think -- I think our practice
13 represents that we don't expect that, yes. I
14 mean, we don't expect to be paid full charges.

15 Q (By Mr. Morse) Right. In fact, the
16 most you ever expect typically to be paid, except
17 for 3 percent of the population, is half of that
18 amount?

19 A No, that's not true. We have -- we
20 have contracts where we would get paid more than
21 half.

22 Q Okay. What percentage of your business
23 have contracts that pay more than half?

24 A Well, I don't have -- I couldn't sit
25 here and extrapolate it out for you in percentages

49

1 necessarily. But of that managed care volume that
2 we referred to earlier in the afternoon, I do have
3 payers that pay just a flat percentage of charges
4 and some of them might pay as much as 75 percent
5 of our charges and they would fall into that
6 managed care population.

7 Q The managed care population of

8 approximately 80 percent or little less than
9 80 percent?

10 A In the 75 percent range.

11 Q And what percentage of payers pay as
12 much as 75 percent of managed care population?

13 A Well, I'm not sure I can quote an exact
14 percentage, but I would say there is one specific
15 payer that pays us 75 percent and that payer alone
16 represents maybe 4 or 5 percent of our business.

17 Q 4 to 5 percent of the 75 percent or
18 4 to 5 percent of the total business?

19 A Probably the 4 to 5 percent of our
20 total business.

21 MR. MORSE: Thank you.

22 MS. STAUCH: No further questions.

23 EXAMINATION

24 BY MR. BOSCH:

25 Q One follow-up. Not a follow-up.

1 Something I want to go back to.

2 You mentioned earlier that there are
3 traditional commercial insurance carriers where
4 you get the full charges?

5 A Correct.

6 Q So some insurance companies, you expect
7 full payment; is that correct?

8 A That's correct.

9 Q And in this case had Mr. _____ been
10 with one, you would have expected a check for the
11 full amount of 33,525.77; am I correct?

12 A That's correct.

13 MR. BOSCH: Thank you.

14 EXAMINATION

15 BY MR. MORSE:

16 Q Well, now I have to ask this question.

17 Why would those people pay that amount
18 if they know that -- I'm assuming it's relatively
19 common knowledge -- but if they know even an
20 uninsured person will get at least a 50 percent
21 reduction, why do they do that?

22 A Because we have no obligation to offer
23 them a discount. We didn't have a contract with
24 them.

25

MR. MORSE: Okay. All right. Thanks.

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1

MR. BOSCH: Thank you, sir.

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MR. MORSE: I'm concluding the

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deposition subject to the additional information

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that we may need to get in terms of the historical

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pricing and the contract with HealthOne and

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United.

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(The deposition concluded at 2:10 p.m.,

8

February 7, 2007.)

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1 I, CRAIG R. SAMMONS, do hereby
2 certify that I have read the foregoing transcript
3 and that the same and accompanying amendment
4 sheets, if any, constitute a true and complete
5 record of my testimony.

6

7

8

Signature of Deponent

9

() No amendments

10

() Amendments attached

11

12 Subscribed and sworn to before me this

13 _____ day of _____, 2007.

14

Notary Public: _____

15

Address: _____

16

17

18 My commission expires _____

19 Seal:

20

21

22

23

24 AHA

25

53

1 STATE OF COLORADO)

2)ss. REPORTER'S CERTIFICATE

3 COUNTY OF DENVER)

4 I, Alan H. Agren, do hereby certify that I am
5 a Certified Shorthand Reporter and Notary Public
6 within the State of Colorado; that previous to the
7 commencement of the examination, the deponent was
8 duly sworn to testify to the truth.

9 I further certify that this deposition was
10 taken in shorthand by me at the time and place
11 herein set forth, that it was thereafter reduced
12 to typewritten form, and that the foregoing
13 constitutes a true and correct transcript.

14 I further certify that I am not related to,
15 employed by, nor of counsel for any of the parties
16 or attorneys herein, nor otherwise interested in
17 the result of the within action.

18 In witness whereof, I have affixed
19 my signature and seal this 14th day of February,
20 2007.

21 My commission expires January 2, 2011.

22

23

24

25

Alan H. Agren, CSR
216 - 16th Street, Suite 650
Denver, Colorado 80202

1 AGREN~BLANDO COURT REPORTING & VIDEO, INC.
216 - 16th Street, Suite 650
2 Denver, Colorado 80202
4450 Arapahoe Avenue, Suite 100
3 Boulder, Colorado 80303

4 February 14, 2007

5 Craig A. Adams, Esq.
730 - 17th Street, Suite 730
6 Denver, Colorado 80202

7 Re: Deposition of CRAIG R. SAMMONS
_____ vs. The Crest Apartments
8 Case No. 06-CV-

9 The aforementioned deposition is ready for
reading and signing. Please attend to this
10 matter by following BOTH of the items indicated
below:

11 _____ Call 303-296-0017 and arrange with us
12 to read and sign the deposition in our
office

13 _XXX_ Have the deponent read your copy and sign
14 the signature page and amendment sheets, if
applicable; the signature page is attached

15 _____ Read the enclosed copy of the deposition
16 and sign the signature page and amendment
sheets, if applicable; the signature page
17 is attached

18 _XXX_ WITHIN 30 DAYS OF THE DATE OF THIS LETTER

19 _____ By _____ due to a trial date of _____

20 Please be sure the original signature page and

21 amendment sheets, if any, are SIGNED BEFORE A
22 NOTARY PUBLIC and returned to Agren Blando for
23 filing with the original deposition. A copy of
24 these changes should also be forwarded to counsel
25 of record. Thank you.

AGREN~BLANDO COURT REPORTING & VIDEO, INC.

cc: All Counsel

55

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2 Denver, Colorado 80202
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4

5 CRAIG R. SAMMONS
6 _____ vs. The Crest Apartments
Case No. 06-CV-

7

8

The original deposition was filed with

9

Stuart D. Morse, Esq., on

10

approximately the 14th day of February, 2007.

11

_____ Signature waived

12

13 _____ Unsigned; signed signature page and
amendment sheets, if any, to be filed at
14 trial

15 ----- Reading and signing not requested pursuant
to C.R.C.P. Rule 30(e)

16 _XXX_ Unsigned; original amendment sheets and/or
17 signature pages should be forwarded to
Agren Blando to be filed in the envelope
18 attached to the sealed original.

19 Thank you.

20 AGREN~BLANDO COURT REPORTING & VIDEO, INC.

21
22 cc: All Counsel

23

24

25

- AMENDMENT SHEET -

Deposition of CRAIG R. SAMMONS
----- vs. The Crest Apartments
February 7, 2007
Case No. 06-CV-

The deponent wishes to make the following changes
in the testimony as originally given:

Page	Line	Should Read	Reason
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Page	Line	Should Read	Reason
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[illegible]

Signature of Deponent: _____

Subscribed and sworn to before me this ____ day
of _____, 20__.

(seal) Notary's signature _____
 Notary's address _____

My commission expires _____