


**FILED**  
San Francisco County Superior Court

AUG 27 2021

CLERK OF THE COURT  
BY:  Deputy Clerk

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN FRANCISCO  
DEPARTMENT 304

UFCW & EMPLOYERS BENEFIT TRUST, *et al.*,

Plaintiffs,

v.

SUTTER HEALTH, ET AL.,

Defendants.

PEOPLE OF THE STATE OF CALIFORNIA, *ex rel.* XAVIER BECERRA,

Plaintiff,

v.

SUTTER HEALTH,

Defendant.

Case No. CGC-14-538451

Consolidated with

Case No. CGC-18-565398

JUDGMENT

[REDACTED]

1 On August 27, 2021, this Court entered (1) its Final Approval Order; and (2) its Order re  
2 Plaintiffs' Counsel's Joint Motion for Attorneys' Fees, Costs, and Service Award. The two orders are  
3 referred to collectively herein as the Final Approval Orders.

4 The class is defined as: "Self-funded payers that satisfy the class definition set forth in the July  
5 12, 2019 Amended Order Granting Plaintiffs' Unopposed Motion to Modify the Class Definition, at page  
6 2:8-16:

7 All self-funded payors that (1) are citizens of California for purposes of 28 U.S.C.  
8 § 1332(d) or arms of the State of California and (2) compensated Sutter for general  
9 acute care hospital services or ancillary products:

- 10 • For services between January 1, 2003 and July 25, 2016 at prices set by  
11 contracts between Sutter and Aetna;
- 12 • For services between January 1, 2003 and December 31, 2016 at prices set by  
13 contracts between Sutter and Anthem;
- 14 • At any time between January 1, 2003 and June 25, 2016 at prices set by  
15 contracts between Sutter and Blue Shield;
- 16 • For services between January 1, 2003 and April 30, 2016 at prices set by  
17 contracts between Sutter and Cigna; or
- 18 • At any time between January 1, 2003 and June 30, 2016 at prices set by  
19 contracts between Sutter and United Healthcare/PacifiCare.

20 Excluded from the class are all self-funded payers that opted out of the class on or before the Court-  
21 ordered opt-out deadline of June 11, 2018; self-funded payers that opted out are not entitled to any relief  
22 including monetary relief under this Settlement." (See Settlement Agreement § I(A)(2).)

23 The Class governed by the Court's Final Approval Orders and this Judgment does not include the  
24 entities that filed timely and valid requests for exclusion. (See Dec. 19, 2019 Ruan Decl. ¶ 16.) These  
25 entities are: (1) Adventist Health; (2) Adventist Health System/West; (3) Cedars-Sinai Health System; (4)  
26 Cedars-Sinai Health Systems; (5) Great West Life and Annuity Ins Co-Canus; (6) Great-West Life &  
27 Annuity Insurance Company; (7) Great-West Life & Annuity Company; (8) Great-West, Canus Plan  
28 Great-West/LGSCAEOP 5TI; (9) Ameriprise Financial, Inc.; (10) Nationstar Mortgage LLC; (11) Sierra  
Pacific Industries; and (12) Trust for Conservation Innovation. (See Settlement Agreement, Ex. C.)

The Court hereby incorporates the Proposed Final Judgment, attached hereto as Exhibit 1, by  
reference and adopts the terms set forth therein as part of this Judgment.

Pursuant to Code of Civil Procedure § 384(b), the Court determines as follows. The gross  
monetary consideration for the settlement is \$575 million. The Court has approved the following

1 distributions from the common fund: (1) \$152,375,000 to Class Counsel for attorneys' fees; (2)  
2 \$11,500,000 to the Attorney General for attorneys' fees; (3) \$13,091,381.98 to Class Counsel for  
3 litigation expenses; (4) \$8,161,954.74 to the Attorney General for litigation expenses; and (5) \$250,000 to  
4 UEBT as a service award. The Court has provisionally approved a payment of \$600,000 for the expenses  
5 of settlement administration, subject to a further order. If all of the above distributions are made,  
6 \$389,021,663.28<sup>1</sup> will be available for the class members if all class members are paid the amount to  
7 which they are entitled pursuant to the judgment in this case.

8 Plaintiffs and the Class shall take nothing from the Released Parties except as set forth in the  
9 Settlement Agreement, as modified by the Addendum, the Final Approval Orders, and this Judgment.

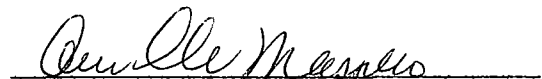
10 Pursuant to California Code of Civil Procedure 664.6 and California Rule of Court 3.769(h), the  
11 Court reserves exclusive and continuing jurisdiction over the Final Judgment, the Settlement including the  
12 Settlement Fund (as defined in Section III of the Settlement Agreement), and the administration,  
13 consummation and interpretation of the Settlement Agreement. This includes ensuring compliance with  
14 the judgment.

15 Notice of final judgment shall be provided to the Class by posting this Judgment and the Final  
16 Approval Orders on the settlement website for a period of not less than 60 days from the date judgment is  
17 entered. It shall not be necessary to send notice of the entry of this Judgment to the Class by any other  
18 means.

19 This document shall constitute a judgment for the purposes of California Rule of Court 3.769(h).

20 IT IS SO ORDERED.

21 Dated: August 27, 2021



22  
23 Anne-Christine Massullo  
24 Judge of the Superior Court

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28 <sup>1</sup> Interest may accrue to increase this amount.

# Exhibit 1

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN FRANCISCO

UFCW & Employers Benefit Trust, on behalf  
of itself and all others similarly situated  
  
Plaintiffs,  
  
vs.  
  
Sutter Health, et al.,  
  
Defendants.

Case No. CGC 14-538451  
Consolidated with  
Case No. CGC-18-565398

**[PROPOSED] FINAL JUDGMENT AND  
ORDER PURSUANT TO STIPULATION**

Dept.: 304  
Judge: Hon. Anne-Christine Massullo

People of the State of California, ex. rel.  
Xavier Becerra,  
  
Plaintiff,  
  
vs.  
  
Sutter Health,  
  
Defendant,

1           WHEREAS, the People of the State of California, through its attorney, XAVIER  
2 BECERRA, Attorney General of the State of California (the “People”) and UFCW & Employers  
3 Benefit Trust (“UEBT”), on behalf of itself and all others similarly situated, (the People and  
4 UEBT collectively, “Plaintiffs”), and Sutter Health; Sutter East Bay Hospitals (predecessor of  
5 Sutter Bay Hospitals);<sup>1</sup> Sutter West Bay Hospitals (n/k/a Sutter Bay Hospitals); Eden Medical  
6 Center (formerly d/b/a of Sutter Medical Center, Castro Valley) (predecessor of Sutter Bay  
7 Hospitals); Sutter Central Valley Hospitals (predecessor of Sutter Valley Hospitals); Mills-  
8 Peninsula Health Services (predecessor of Sutter Bay Hospitals); Sutter Health, Sacramento Sierra  
9 Region (n/k/a Sutter Valley Hospitals); Sutter Coast Hospital; Palo Alto Medical Foundation for  
10 Healthcare, Research and Education (n/k/a Sutter Bay Medical Foundation and d/b/a Palo Alto  
11 Medical Foundation for Health Care, Research and Education); and Sutter Medical Foundation  
12 (n/k/a Sutter Valley Medical Foundation and d/b/a Sutter Medical Foundation) (collectively  
13 “Defendants” or “Sutter,” and together with Plaintiffs, the “Parties”) have stipulated to the entry of  
14 this Final Judgment without trial,

15           WHEREAS, UEBT filed an action on April 7, 2014 captioned *UFCW & Employers*  
16 *Benefit Trust, on behalf of itself and all others similarly situated, v. Sutter Health, et al.*, Case No.  
17 CGC-14-538451, pending in the San Francisco Superior Court, and on March 29, 2018, the People  
18 filed a separate action against Sutter Health captioned *People of the State of California, ex rel.*  
19 *Xavier Becerra v. Sutter Health*, Case No. CGC-18-565398;

20           WHEREAS, on May 8, 2018, the actions were consolidated for all purposes (the  
21 “Consolidated Action”);

22           WHEREAS, the Consolidated Action asserts claims under state antitrust and unfair  
23 competition laws and seeks recovery of, among other things, damages, disgorgement, interest,  
24 treble damages, attorneys’ fees, costs, and injunctive relief;

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27 <sup>1</sup> For avoidance of doubt, the renaming of the Defendants named in the Consolidated Action does  
28 not affect the applicability of this Final Judgment to the Defendants named in the lawsuits  
comprising the Consolidated Action.



1           2.       “Broad Network PPO Rates” shall be the in-network rates applicable to the  
2 Insurer’s broad preferred provider organization (“PPO”) networks (e.g., the in-network rates for  
3 the following broad PPO products in an Insurer’s then-current contracts with Sutter, or their  
4 equivalent: Anthem Blue Cross – Prudent Buyer full network PPO; Aetna – Open Choice PPO  
5 full network PPO; Blue Shield – Full Network PPO; Cigna – PPO network-Open Access Plus;  
6 Health Net – PPO network; UHC – United Healthcare Choice Plus PPO).

7           3.       “Commercial Products” are products that offer comprehensive commercial health  
8 care coverage offered by Insurers that are either fully insured or made available to Self-Funded  
9 Payers on a self-funded basis. Commercial Products do not include any government sponsored  
10 programs such as, for example, Medicare, Medi-Cal, Medicare Advantage, and Managed Medi-  
11 Cal.

12           4.       “CPMC” means all Sutter general acute care hospital providers in the City and  
13 County of San Francisco, including but not limited to, California Pacific Medical Center – Davies  
14 Campus Hospital, California Pacific Medical Center – Mission Bernal Campus Hospital (opened  
15 8/2018), and California Pacific Medical Center – Van Ness Campus (opened 3/2/2019).

16           5.       “Group A Providers” means Rural Hospitals, ABSMC, CPMC, and PAMF.

17           6.       “Group B Hospitals” means the following general acute care hospitals: Eden  
18 Medical Center; Memorial Hospital Los Banos; Memorial Medical Center; Menlo Park Surgical  
19 Hospital; Mills-Peninsula Medical Center; Novato Community Hospital; Stanislaus Surgical  
20 Hospital LLC; Sutter Auburn Faith Hospital; Sutter Davis Hospital; Sutter Delta Medical Center;  
21 Sutter Maternity & Surgery Center of Santa Cruz; Sutter Medical Center, Sacramento; Sutter  
22 Roseville Medical Center; Sutter Santa Rosa Regional Hospital (f/k/a Sutter Medical Center Santa  
23 Rosa); Sutter Solano Medical Center; Sutter Surgical Hospital, North Valley (also d/b/a Twin  
24 Cities Surgical Hospital, LLC); and Sutter Tracy Community Hospital.

25           7.       “Insurers” include the following California licensed health care service plans and  
26 insurers: Aetna Health of California, Inc.; Aetna Health Management; Aetna Life Insurance  
27 Company; Anthem Blue Cross, Inc./Blue Cross of California; California Physicians’ Service  
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1 (d/b/a Blue Shield of California); UnitedHealthcare Insurance Company; UnitedHealthcare of  
2 California; Cigna HealthCare of California, Inc.; Cigna Health and Life Insurance Company;  
3 Health Net of California, Inc. For purposes of this Final Judgment, Kaiser Foundation Health Plan  
4 Inc., Kaiser Foundation Hospitals the Permanente Medical Group and Kaiser Permanente  
5 Insurance Corporation are not individually or collectively an Insurer.

6 8. "PAMF" means Palo Alto Medical Foundation for Healthcare, Research and  
7 Education.

8 9. "Pretext" and "pretextual" shall be interpreted and applied consistent with  
9 California law.

10 10. "Rural Hospitals" means Sutter Lakeside Hospital, Sutter Amador Hospital, and  
11 Sutter Coast Hospital.

12 11. "Self-Funded Payers" means group health plans that are self-funded and  
13 administered by Insurers (e.g., health plans governed by Employee Retirement Income Security  
14 Act of 1974) for employers, Taft-Hartley trusts, and government entities like CalPERS or school  
15 districts, whose enrollees access one or more Sutter Providers through their contracts with Insurers  
16 for access to provider networks.

17 12. "Sutter Provider" means a person or entity that delivers any healthcare services  
18 (e.g., hospitals, physicians, ambulatory surgery centers, urgent care centers, imaging centers,  
19 laboratories, hospice, etc.) and on whose behalf Sutter negotiates managed care contracts with  
20 Insurers.

### 21 **III. APPLICABILITY**

22 1. This Final Judgment applies to Plaintiffs and Defendants and all other persons in  
23 active concert or participation with any of them who receive actual notice of this Final Judgment  
24 by personal service or otherwise. Except as otherwise expressly provided herein, this Final  
25 Judgment applies to all Commercial Products.

26 2. Plaintiffs and Defendants, by their respective attorneys, have stipulated to the entry  
27 of this Final Judgment without trial of any issue of fact or law. This Final Judgment is not, nor  
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1 shall any of the terms, provisions, or anything herein, constitute any evidence against, an  
2 admission of liability by, or an estoppel by a third party against, any party to this Final Judgment.

3 This Final Judgment shall not be construed as an admission of any type by Defendants.

4 3. Nothing in this Final Judgment authorizes Defendants to engage in conduct that  
5 would violate the antitrust laws. This Final Judgment shall not be construed as approval by the  
6 Plaintiffs of any future conduct not expressly approved by this Final Judgment. Each Defendant  
7 preserves all rights to raise this Final Judgment in defense, or to otherwise justify its conduct,  
8 against any claims related to the conduct at issue. This provision does not limit, expand, or alter  
9 the scope of the release in the Court-approved Settlement Agreement.

#### 10 **IV. PROHIBITED, REQUIRED, AND PERMITTED CONDUCT**

##### 11 **A. General**

##### 12 **1. Contract provisions**

13 a. Defendants shall not enforce provisions in prior, existing, or future  
14 contracts with Insurers that violate or are inconsistent with the terms of this Final Judgment or  
15 promulgate in future contracts terms that violate or are inconsistent with the terms of this Final  
16 Judgment. Nothing in this Final Judgment addresses Defendants' right to apply prices in existing  
17 or past contracts for services provided before the entry of the Final Judgment.

18 b. Defendants shall not require that the terms of any narrow network, tiered  
19 network, center of excellence, reference pricing, or steering arrangement in existence at the time  
20 of the negotiation and execution of a contract with an Insurer automatically apply to newly created  
21 or modified Commercial Products that post-date the execution of that contract.

22 c. Except as otherwise provided in this Final Judgment, Defendants may  
23 negotiate and enforce contract terms that provide that an Insurer and/or Self-Funded Payer may  
24 not unilaterally change the participation status of a Sutter Provider in an existing Commercial  
25 Product during the performance of a contract term. Defendants may not use this provision to  
26 block an Insurer from introducing any new Commercial Products after execution of the contract  
27 between that Insurer and Defendants; however, Defendants retain the right to refuse participation  
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1 of any or all Sutter Providers in that Commercial Product. If Defendants agree to participate in a  
2 Commercial Product that is introduced by an Insurer during the term of a contract that includes  
3 some but not all Sutter Providers and which was not disclosed during renewal negotiations  
4 between the Insurer and Defendants, Defendants shall offer prices for such participating Sutter  
5 Providers that are equal to or less than the maximum rates set forth in Section IV.D.3 below.

6 **2. Narrow, Tiered, and Steering products.** Except as otherwise provided in this  
7 Final Judgment:

8 a. Defendants may not veto, interfere with, or otherwise engage in any action,  
9 direct or indirect, to prevent the introduction of new narrow, tiered, or steering Commercial  
10 Products or value-based designs of any kind for Commercial Products (i.e., benefit designs that  
11 attempt to reward providers for affordability and/or quality), including reference pricing.  
12 Defendants shall not penalize Insurers and/or Self-Funded Payers for selecting some but not all of  
13 Defendants' Providers for participation in Commercial Products. Defendants shall not impede  
14 Insurers' and/or Self-Funded Payers' use of differences in co-payments, co-insurance, and  
15 information as to quality, certification, ratings, and cost-effectiveness to incentivize patients to  
16 select the providers that are preferred by the Insurers and/or Self-Funded Payers for Commercial  
17 Products, *provided that* these policies and practices are disclosed to Defendants during the  
18 negotiation of a new contract or renewal of a contract and not changed during the term of that  
19 contract.

20 b. Defendants shall not require that Insurers and/or Self-Funded Payers  
21 include any or all Group A Providers or Group B Hospitals in the preferred tier(s) of tiered  
22 networks for Commercial Products, or designate them centers of excellence, or require that these  
23 Providers or Hospitals be included in any or all of an Insurer and/or Self-Funded Payer's narrow  
24 or tiered network Commercial Products. Defendants shall not require that any sub-set of services  
25 provided by a Group A Provider or Group B Hospital be included in the top tier of any  
26 Commercial Product.

1           **3. Centers of Excellence**

2           a. Insurers and/or Self-Funded Payers shall have the freedom to design,  
3 develop, maintain, and market centers of excellence programs without veto or interference from  
4 Defendants. Defendants may not terminate or threaten to terminate an agreement or refuse to  
5 negotiate a potential agreement with an Insurer as a result of a Sutter Provider’s non-inclusion,  
6 exclusion, or threatened exclusion from a center of excellence, provided that such non-inclusion,  
7 exclusion, or threatened exclusion is based on criteria previously disclosed by the Insurer in  
8 writing during contract negotiations. Defendants shall not require that their affiliated doctors,  
9 medical groups, independent physician associations (“IPAs”), hospitals, or outpatient facilities  
10 receive particular quality, certification, and/or cost effectiveness ratings from Insurers and/or Self-  
11 Funded Payers.

12           b. If a Sutter Provider participates in any center of excellence program  
13 disclosed to Defendants during contract negotiations, Insurers and/or Self-Funded Payers shall  
14 have the discretion to exclude any such Sutter Provider from those centers of excellence during the  
15 contract term for failure to comply with the criteria for those programs which were disclosed in  
16 writing to Defendants during contract negotiations.

17           c. If a center of excellence program is developed and marketed during the term  
18 of a contract with Defendants, but was not disclosed previously to Defendants, that program shall  
19 not apply to Sutter Providers absent mutual agreement of the Insurer marketing the center of  
20 excellence program and Defendants.

21 **B. Participation of Group A Providers and Group B Hospitals**

22           **1. Rural Hospitals and ABSMC**

23           a. During contract negotiations, at the request of an Insurer, Defendants will  
24 make the Rural Hospitals and ABSMC available to participate in any network for any Commercial  
25 Product to Insurers and/or Self-Funded Payers, other than as set forth in Section IV.B.4 below  
26 pertaining to co-branded products, subject to (i) negotiation of mutually agreeable price terms so  
27 long as the price terms offered by Defendants are not tantamount to conditioning the participation  
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1 of the Rural Hospital(s) or ABMSC on the participation, pricing, or tiered status of other Sutter  
2 Providers and (ii) the inclusion in the Commercial Product of all services available at each  
3 participating Rural Hospital or ABMSC.

4 **2. CPMC and PAMF**

5 a. Subject to Section IV.B.2.c below, during contract negotiations, at the  
6 request of an Insurer, Defendants will make available all CPMC hospitals available to participate  
7 in any network for any Commercial Product to Insurers and/or Self-Funded Payers, other than as  
8 set forth in Section IV.B.4 below pertaining to co-branded products, subject to (i) negotiation of  
9 mutually agreeable price terms so long as the price terms offered by Defendants are not  
10 tantamount to conditioning the participation of CPMC on the participation, pricing, or tiered status  
11 of other Sutter Providers; (ii) the inclusion in the Commercial Product of all services available at  
12 CPMC; and (iii) Section IV.D.2.b & c below.

13 b. Subject to Section IV.B.2.c below, during contract negotiations, at the  
14 request of an Insurer, Defendants will make PAMF available to participate in any network for any  
15 Commercial Product to Insurers and/or Self-Funded Payers, other than as set forth in Section  
16 IV.B.4 below pertaining to co-branded products, subject to (i) negotiation of mutually agreeable  
17 price terms so long as the price terms offered by Defendants are not tantamount to conditioning  
18 the participation of PAMF on the participation, pricing, or tiered status of other Sutter Providers  
19 and (ii) Section IV.D.2.b & c below.

20 c. Except as prohibited in Section IV.A.2.a above and IV.C.1.a and IV.C.1.c  
21 below, CPMC and PAMF shall have the option to decline to participate in any Commercial  
22 Product, for reasons including but not limited to those described in Section IV.C below titled  
23 "Conditional Participation" (if applicable) and Section IV.C.3.c below titled "Patient Access  
24 Considerations," provided Defendants simultaneously provide the reasons in writing in detail to  
25 the Insurer and to the Office of the California Attorney General and counsel for UEBT and the  
26 class (*i.e.*, Pillsbury & Coleman, LLP; Cohen Milstein Sellers & Toll PLLC; Farella Braun +  
27 Martel LLP; Kellogg, Hansen, Todd, Figel & Frederick, P.L.L.C.; McCracken, Stemerman &

1 Holsberry, LLP) (hereinafter, "Class Counsel"). If an Insurer in good faith believes that CPMC's  
2 or PAMF's reason(s) for declining to participate in a Commercial Product are a pretext for (1)  
3 conditioning CPMC's or PAMF's participation, pricing, or tiered status on the participation,  
4 pricing, or tiered status of any other Sutter Provider except as permitted by this Final Judgment, or  
5 (2) interfering with, preventing, or penalizing the Insurer's efforts to introduce or offer tiered,  
6 steered, or narrow network products except as permitted by this Final Judgment, the Insurer shall  
7 make a reasonable effort to meet and confer with Defendants. If the meet and confer process does  
8 not swiftly resolve the dispute, or at the election of the Office of the California Attorney General  
9 or of Class Counsel, the Office of the California Attorney General or Class Counsel may challenge  
10 Defendants' refusal before the Compliance Monitor and ultimately the Court pursuant to the  
11 procedures in Section V below.

12 **3. Group B Hospitals**

13 a. Except as otherwise provided in this Final Judgment, any Group B Hospital  
14 shall have the option to decline to participate in any Commercial Product, including without  
15 limitation because of the tier in which the Insurer places the Group B Hospital.

16 **4. Co-Branded Products**

17 a. A Sutter Provider may refuse to participate in any co-branded Commercial  
18 Product arising from a joint venture, partnership, or similar alliance or affiliation between an  
19 Insurer and a non-Sutter provider, which may be administered by an Insurer (e.g., Western Health  
20 Advantage).

21 **C. Conditional Participation**

22 **1. General Provisions**

23 a. Except as otherwise provided in this Final Judgment, Defendants shall not  
24 condition the participation, pricing, or tiered status of any Group A Provider or Group B Hospital  
25 in a network upon the participation, pricing, or tiered status of any other Sutter Provider.

26 b. Defendants may not condition the participation or tiered status of some or  
27 all Sutter Providers in one Commercial Product on the participation or tiered status of some or all  
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1 Sutter Providers in a different Commercial Product or other product, including, without limitation,  
2 any product for government-sponsored programs. Defendants may not condition the pricing of  
3 some or all Sutter Providers in one Commercial Product on the pricing of one or more Sutter  
4 Providers in a different Commercial Product or any government-sponsored program if doing so  
5 would constitute an illegal tie or other violation of the law.

6 c. Defendants shall not condition the participation of its Group A Providers on  
7 the tier in which the Insurer places them.

8 d. Defendants shall have the option to offer bundled discounts in accordance  
9 with Section IV.D.2 below.

10 e. Nothing in this Final Judgment limits any Sutter Provider's ability to  
11 condition its participation in a Commercial Product upon the participation of other Sutter  
12 Providers that collectively (i) accept a prepaid capitation payment in exchange for delivering  
13 healthcare services to enrollees under a risk arrangement, (ii) participate in a qualified ACO under  
14 federal law, federal regulations, or any state law or regulations promulgated in the future, or (iii)  
15 participate in a Commercial Product that is similar to a qualified ACO, which incentivizes groups  
16 of doctors, hospitals, and other health care providers, to collectively agree to financial incentives  
17 and/or disincentives that involve the sharing of material upside risk (i.e., shared savings) and/or  
18 material downside risk (i.e., shared losses) to provide coordinated care designed to cost-effectively  
19 manage a population in a manner consistent with Medicare Shared Savings Programs (an "ACO-  
20 like Arrangement"). The Office of the California Attorney General and/or Class Counsel may  
21 seek review of any ACO-like Arrangement by the Compliance Monitor and ultimately by the  
22 Court, which shall consider any challenge upon the motion of a Party after the Compliance  
23 Monitor makes a timely recommendation to the Parties and the Court concerning resolution of the  
24 challenge, *provided however*, that the Compliance Monitor shall also consider whether the  
25 arrangement, at the time that Sutter sought to participate in the arrangement, is expected to  
26 significantly or materially improve the quality and/or affordability of the health care services  
27 being provided and whether such an improvement reasonably can be achieved without  
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1 participation of all of the designated Sutter providers in the same network or tier of a Commercial  
2 Product.

3 **2. PAMF**

4 a. Unless otherwise permitted under this Final Judgment, Defendants shall not  
5 condition the participation, pricing, or tiered status of PAMF in a network of a Commercial  
6 Product upon the participation, pricing, or tiered status of any other Sutter Provider except:

7 (i) Defendants shall have the option to offer bundled discounts in  
8 accordance with Section IV.D.2.b & c below; and

9 (ii) Defendants shall have the option to condition PAMF's participation  
10 in a Commercial Product on the participation of ABSMC, CPMC, Mills-Peninsula Medical  
11 Center, Eden Medical Center, Sutter Maternity & Surgery Center of Santa Cruz, and/or Menlo  
12 Park Surgical Hospital, *provided however* that (1) Menlo Park Surgical Hospital may condition its  
13 participation in a network of a Commercial Product upon the participation, pricing or tiered status  
14 of PAMF; (2) ABSMC and CPMC may not condition their participation in a network of a  
15 Commercial Product upon the participation, pricing, or tiered status of PAMF, unless otherwise  
16 permitted under this Final Judgment, (3) Mills-Peninsula Medical Center, Eden Medical Center,  
17 and Sutter Maternity & Surgery Center of Santa Cruz may condition participation in a network of  
18 a Commercial Product (a) upon the participation or tiered status of PAMF if Sutter first satisfies  
19 the Clinical Integration Exception of Section IV.C.3.b.; or (b) upon the participation of PAMF if  
20 Sutter first satisfies the Patient Access Considerations Exception of Section IV.C.3.c; (c) but may  
21 not otherwise condition their participation, pricing, or tiered status on that of PAMF unless  
22 permitted under this Final Judgment, and (4) upon request of the Insurer, ABSMC, CPMC, Mills-  
23 Peninsula Medical Center, Eden Medical Center, and Sutter Maternity & Surgery Center of Santa  
24 Cruz shall offer separate pricing from PAMF for participation in a network of a Commercial  
25 Product.

26 b. Defendants may not condition the participation of PAMF in a Commercial  
27 Product upon the participation of any Ambulatory Surgical Centers or Endoscopy Centers  
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1 (“ASCs”), unless (1) PAMF has an ownership interest in that ASC and a pattern of regular  
2 admission of patients to that ASC or (2) the ASC is listed in Exhibit A, which lists ASCs in which  
3 Sutter or any of its affiliates has an ownership interest and to which PAMF has a pattern of regular  
4 admission of patients, subject to the right of the Office of the California Attorney General and/or  
5 of Class Counsel, after meeting and conferring in good faith with Defendants to attempt to agree  
6 to the list of ASCs in Exhibit A, to challenge inclusion of any ASC on Exhibit A before the  
7 Compliance Monitor and ultimately the Court, which shall consider any challenge upon the  
8 motion of a Party after the Compliance Monitor makes a timely recommendation to the Parties and  
9 the Court concerning resolution of the challenge.

10 **3. Group B Hospitals**

11 a. Except as otherwise permitted by this Final Judgment, if an Insurer and/or  
12 Self-Funded Payer selects one or more Group B Hospitals for inclusion in a network of a  
13 Commercial Product, the selected Group B Hospitals may condition their participation or tiered  
14 status on the participation or tiered status of any other Sutter Provider(s) (except Group A  
15 Providers) subject to the requirements governing the Clinical Integration Exception or Patient  
16 Access Considerations Exception as set forth in Section IV.C.3.b and IV.C.3.c below or under  
17 other applicable exceptions in this Final Judgment.

18 b. **Clinical Integration Exception:** Defendants may condition the  
19 participation or tiered status of its Group B Hospitals in a network of a Commercial Product upon  
20 the participation or tiered status of other Sutter Providers if all affected Sutter Providers are  
21 clinically integrated with respect to the services covered by the Commercial Product and if, in the  
22 case of conditional tiering, such conditional tiering is reasonably necessary to achieve the benefits  
23 of clinical integration. Defendants shall not designate Group B Hospitals and other Sutter  
24 Providers to be part of a clinically integrated group specifically for these purposes unless the  
25 specified Sutter Hospitals and Sutter Providers satisfy the standards for clinical integration  
26 described in the 2009 Alta Bates Medical Group consent decree with the Federal Trade  
27 Commission and in the similarly worded Washington Attorney General’s 2019 settlement with  
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1 CHI Franciscan and The Doctors Clinic. For purposes of interpreting and enforcing this Final  
2 Judgment, the standards set forth in those consent decrees, and Section V.C.2.d.i and (ii) below,  
3 shall govern whether any Group B Hospitals and other Sutter Providers are clinically integrated.

4 (i) Section IV.C.3.b does not contravene any rights, protections, or  
5 defenses that Defendants may have under State or Federal statutes or regulations in effect at the  
6 time of the challenge to their invocation of the clinical integration exception.

7 c. **Patient Access Considerations Exception:** Defendants may condition the  
8 participation of Group B Hospitals in a network for a Commercial Product upon the participation  
9 of other Sutter Providers if the failure to condition the participation of those specific Providers  
10 raises substantial and material patient access or financial risk issues as set forth below.

11 (i) Patient Access: The Commercial Product adversely affects patient  
12 access to healthcare services if it offers inadequate specialty care, requires transfers of patients for  
13 extended distances or extended travel time, or otherwise creates a substantial risk of disruption of  
14 discharge planning, or other serious continuum of care/access problems (e.g., lack of access to  
15 physician follow-up, lack of ancillary providers, etc.), or for a hospital, does not provide a  
16 sufficient number of physicians that admit to that facility in the Commercial Product (regardless of  
17 whether they are affiliated with Defendants) or that refer patients to that hospital to permit the  
18 hospital to provide the full range of its services, provided that the insufficiency of physicians is not  
19 caused by Defendants' conduct.

20 (ii) Financial Risk: The Commercial Product raises a financial risk  
21 issue if it creates a substantial risk of unforeseeable patient financial hardship through  
22 substantially different patient out-of-pocket costs between the admitting physician and the hospital  
23 that the physician regularly admits to, or if it is a Commercial Product that has a minimum average  
24 cost sharing, otherwise known as actuarial value, of less than 60% in the tier in which the provider  
25 is offered. The calculation of the actuarial value of a tier in a tiered product shall be made in  
26 accordance with the Center for Medicare and Medicaid's Final 2019 Actuarial Value Calculator  
27 Methodology (Dec. 28, 2017), p. 23, or any federal or state replacement thereto. Commercial  
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1 Products that do not have an out of pocket maximum or that cause unlimited liability for patients  
2 who access Sutter Providers in the tier in which Sutter Providers have been asked to participate  
3 shall be deemed to fall within the financial risk exception.

4           d.       Should Defendants invoke the Clinical Integration or Patient Access  
5 Considerations Exceptions and the Insurer in good faith believes that Defendants' conditional  
6 participation is not justified under this Final Judgment, the Insurer shall notify Defendants and  
7 Defendants shall put in writing to the Insurer, the Office of the California Attorney General, and  
8 Class Counsel the basis for doing so with sufficient detail that the Insurer and the Office of the  
9 California Attorney General and Class Counsel can understand the basis for Defendants'  
10 invocation of the exception. If the Insurer then believes in good faith that Defendants' invocation  
11 of the Clinical Integration or Patient Access Considerations exception violates this Final  
12 Judgment, then the Insurer shall make a reasonable effort to meet and confer with Defendants. If  
13 the meet and confer process does not resolve the dispute, or at the election of the Office of the  
14 California Attorney General and/or of Class Counsel, the Office of the California Attorney  
15 General and/or Class Counsel may challenge Defendants' invocation of these exceptions before  
16 the Compliance Monitor and/or the Court pursuant to the procedures set forth in Section V below.

17 **D.     Pricing**

18       **1.     Right To Offer Lower Prices for Increased Expected Volume**

19           a.       An individual Sutter Provider may offer lower prices for networks or  
20 products that may provide for increased expected volume to that Sutter Provider (e.g., networks or  
21 products featuring that Provider, co-branded products in which that Provider would participate,  
22 placing that Provider in more favorable tiers, or otherwise steering patients to that Sutter Provider,  
23 including through financial incentives).

24       **2.     Right To Offer Bundled Pricing**

25           a.       Defendants may offer an Insurer lower prices for one or more Group B  
26 Hospitals as part of a bundle with one or more other Group B Hospitals provided that Defendants,  
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1 on an Insurer's request, offer a separate standalone price for any of the included Hospitals  
2 requested by the Insurer.

3           b. Defendants may offer an Insurer lower prices for bundles of one or more of  
4 its Group B Hospitals together with CPMC and/or PAMF *provided that* Defendants and the  
5 Insurer, before Defendants offer a bundled price for bundles including CPMC and/or PAMF, first  
6 reach a written agreement on the pricing terms for CPMC and/or PAMF on a standalone basis,  
7 subject to execution of a binding agreement including all non-monetary terms. Sutter may not  
8 otherwise offer lower bundled prices for its Group A Providers.

9           c. Defendants are not required to offer a standalone price where an Insurer  
10 seeks to include all Sutter hospitals in a network of a Commercial Product or where Defendants  
11 condition participation of PAMF or Group B Hospitals pursuant to Sections IV.C.2 and IV.C.3  
12 above.

13           d. The restrictions on bundling in this Final Judgment do not apply to bundling  
14 of Sutter Providers that are not Group A Providers or Group B Hospitals as such bundling is  
15 beyond the scope of this Final Judgment.

16           **3. Out of Network Rates**

17           a. Maximum OON Rates: The maximum that a Sutter Provider may charge an  
18 Insurer and/or Self-Funded Payer (and/or its respective enrollee) that contracts with at least one  
19 Sutter Provider for services for any out-of-network healthcare will be the multiples of the contract  
20 rates or the percentage of billed charges set forth in this Section IV.D.3. Insurers may negotiate  
21 lower out-of-network rates, but out-of-network rates shall not exceed the maximums set forth in  
22 this Section IV.D.3 while this Final Judgment remains in effect.

23           b. The maximum out-of-network rates set forth in this Section IV.D.3 are  
24 applicable to services by Sutter primary or specialty care physicians on whose behalf Defendants  
25 negotiate contracts with Insurers and that are billed as part of a hospital visit for trauma,  
26 emergency room, and post-stabilization services for patients admitted through the emergency  
27 room ("Covered Physicians Hospital Services"). Office visits, other inpatient services (aside from  
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1 post-stabilization services for patients admitted through the emergency room), and outpatient  
 2 services are not covered by this Final Judgment as they are beyond the scope of this Final  
 3 Judgment.

4 c. The contract rates used for determining the maximum out-of-network rates  
 5 will be separately computed for each Insurer. For any additional Insurer approved by the Court,  
 6 the maximum out-of-network rates will be calculated using the same multiples or percentage of  
 7 billed charges listed below.

8 d. Notwithstanding any fluctuation in Defendants' contract rates, the agreed-  
 9 upon multiples of contract rates or percentage of billed charges will be utilized to determine the  
 10 maximum out-of-network rates, regardless of the circumstances, while this Final Judgment  
 11 remains in effect.

12 e. At the option of any Insurer, the maximums set forth in this Section IV.C.3  
 13 shall also apply to the transition period (as defined in the Insurer's contract with Defendants)  
 14 between the expiration of the contract between that Insurer and Defendants and the earlier of (1)  
 15 any renewal of that contract or (2) ultimate termination of that contract without renewal.

16 f. Maximum Out-of-Network Rates and Other Out-of-Network Rate  
 17 Provisions for Sutter Hospital Providers:

Category of Care	Multiple of Contract Rates Used To Compute Out-Of-Network Rates
Trauma (IP/OP)	[REDACTED] rate applicable to that Insurer or Self-Funded Payer
ER Non-Trauma	[REDACTED] rate applicable to that Insurer or Self-Funded Payer
Post-Stabilization Admitted Through ER	[REDACTED] Billed Charges
All Other IP	[REDACTED] Billed Charges
All Other OP	[REDACTED] Billed Charges
Rural Hospitals	[REDACTED] rate applicable to that Insurer or Self-Funded Payer

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2 g. Maximum Out-of-Network Reimbursement and Other Out-of-Network  
3 Reimbursement Provisions for Covered Physician Hospital Services:

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Category of Care	Multiple of Contract Rates Used To Compute Out-Of-Network Rates
Trauma (IP/OP)	[REDACTED] rate applicable to that Insurer or Self-Funded Payer
ER Non-Trauma	[REDACTED] rate applicable to that Insurer or Self-Funded Payer
Post-Stabilization Admitted Through ER	[REDACTED] rate applicable to that Insurer or Self-Funded Payer

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12 **4. Chargemaster Commitment**

13 a. Defendants will limit the aggregate annual increase for chargemasters for  
14 the Sutter general acute care hospitals subject to this Final Judgment to less than [REDACTED]  
15 [REDACTED], and [REDACTED] measured by the process  
16 described below.

17 b. Chargemaster Measurement: The chargemaster increase for the Sutter  
18 general acute care hospitals that are Group A Providers or Group B Hospitals will be measured  
19 using information submitted to California's Office of Statewide Health Planning and Development  
20 (OSHPD) under penalty of perjury, as required by Health and Safety Code Section 1339.55.  
21 Commencing in the calendar year following the date when this Final Judgment is entered, the  
22 percentage change in each general acute care hospital's gross revenue as submitted to OSHPD  
23 shall be multiplied by the total gross revenue for that hospital for the prior year. This product will  
24 be summed for these hospitals. The resulting sum will be divided by the total gross revenue for all  
25 Sutter general acute care hospitals subject to this Final Judgment. The resulting number shall be  
26 Sutter's chargemaster increase.

1 **E. New Affiliates, New PAMF Hospitals/ASCs, New Insurers**

2 **1. New Affiliates**

3 a. In the event Defendants acquire a hospital not included in the Group B  
4 Hospital definition ("New Sutter Hospital"), the Office of the California Attorney General and  
5 Class Counsel shall make a reasonable effort to meet and confer with Defendants in an effort to  
6 reach agreement to include such New Sutter Hospital in the definition of Group B Hospital above.  
7 In the event the Office of the California Attorney General and/or Class Counsel and Defendants do  
8 not agree, the Office of the California Attorney General and/or Class Counsel may petition the  
9 Court, after seeking the recommendation of the Compliance Monitor, to include such New Sutter  
10 Hospital in the definition of Group B Hospital.

11 b. Whenever Defendants acquire an ownership interest, stock, or assets of any  
12 Hospital or ASC as set out below ("New Affiliate") during the term of a contract with an Insurer  
13 and/or Self-Funded Payer and Defendants seek to apply the terms of the contract between the  
14 Defendants and the Insurer and/or Self-Funded Payer to the New Affiliate in any respect  
15 whatsoever, the following provisions shall apply:

16 (i) If an Insurer and/or Self-Funded Payer had an existing agreement  
17 with the New Affiliate prior to Defendants' acquiring the hospital or ASC as a New Affiliate, and  
18 Insurer and/or Self-Funded Payer notifies Sutter that Insurer and/or Self-Funded Payer wants the  
19 New Affiliate to participate in one or more of Insurer and/or Self-Funded Payer's Commercial  
20 Products, then the Commercial Product's fee for service (FFS) rates in Insurer and/or Self-Funded  
21 Payer's existing agreement with the New Affiliate ("Prior Rates") shall apply to the applicable  
22 Commercial Product for a period of two year(s) after the acquisition of the New Affiliate, or until  
23 the expiration of such agreement in accordance with its provisions, whichever is sooner. Nothing  
24 in this paragraph shall prevent Defendants and Insurer and/or Self-Funded Payer from negotiating  
25 capitation rates and related agreements, including, without limitation, shared risk budgets or rates  
26 for participation in government-sponsored products. Upon expiration of the Prior Rates as set  
27 forth above, the Insurer and/or Self-Funded Payer may elect at its option to treat the New Affiliate  
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1 as being out-of-network of any Commercial Product through the expiration of the term of the  
2 contract between the Insurer and Defendants. The provisions of this Section IV.E.1.b shall apply  
3 regardless of whether Defendants maintain the New Affiliate as a separate entity or merge it into  
4 an existing Sutter Provider as an expansion of that Provider's operations. Notwithstanding the  
5 provisions of this Section IV.E.1.b, the Insurer may, with Defendants' consent, opt to renegotiate  
6 its agreement with the New Affiliate prior to the expiration of the Prior Rates as set forth above.

7 (ii) If an Insurer does not have an existing agreement with a New  
8 Affiliate, the Insurer may exclude the New Affiliate from its networks after the New Affiliate is  
9 acquired by Defendants.

10 (iii) In the event any Defendant acquires a hospital or the assets of a  
11 hospital, the provisions of this Section IV.E.1 will be superseded by any requirements or  
12 conditions, regarding pricing or contracting imposed by any of the regulatory authorities who have  
13 oversight and approval of the acquisition, that are inconsistent with this Section IV.E.1.

14 (iv) The provisions of this Section IV.E.1 shall not apply to the  
15 acquisition of any non-Sutter medical group, any individual non-Sutter medical practice, or any  
16 purchase of assets or goodwill of a non-Sutter medical group, by any Defendant or by a Sutter-  
17 affiliated medical foundation. The provisions of this Section IV.E.1 likewise shall not apply to the  
18 hiring of individual physicians from a non-Sutter medical practice or group. Any such  
19 acquisitions or hiring are outside the terms of this Final Judgment as they are beyond the scope of  
20 this Final Judgment.

21 c. The provisions of this Section IV.E.1 shall not operate to bar, immunize, or  
22 estop any state or federal regulatory or law enforcement action to bar or condition the acquisition  
23 under any law, including antitrust, unfair competition, or charitable trust law.

24 **2. New PAMF Hospital or ASC**

25 a. In the event that PAMF seeks to add a Sutter Hospital or ASC to the list in  
26 Sections IV.C.2.a.(ii) or IV.C.2.b above ("New PAMF Hospital or ASC"), Defendants shall  
27 make a reasonable effort to meet and confer with the Office of the California Attorney General  
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1 and Class Counsel in an effort to reach agreement to include such New PAMF Hospital(s) or  
2 ASC(s) under Section IV.C.2.a.(ii) and IV.C.2.b above. In the event Defendants and the Office of  
3 the California Attorney General and/or Class Counsel do not agree, Defendants may petition the  
4 Court, after seeking the recommendation of the Compliance Monitor, to include such New PAMF  
5 Hospital(s) or ASC(s) pursuant to the procedures in Section V below.

6 **3. New Insurers**

7 a. In the event a California licensed health care service plan or insurance  
8 company, other than a provider owned or affiliated plan (“New Insurer”), newly enters or  
9 substantially expands its operations in the Northern California market for Commercial Products  
10 and is licensed to sell fully-funded or self-funded products directly to employers or health benefit  
11 trusts and such New Insurer (1) is of similar size and scope to the entities defined as Insurers  
12 above either in California, in a region of the United States, or nationwide, or would likely have  
13 been covered by this Final Judgment had they entered or re-entered the Northern California market  
14 prior to October 15, 2019, and (2) has demonstrated a commitment to entering the Northern  
15 California market for Commercial Products, the Office of the California Attorney General and  
16 Class Counsel shall meet and confer with Defendants to include the New Insurer within the  
17 definition of Insurer under this Final Judgment. If the Parties do not reach agreement, the Office  
18 of the California Attorney General and/or Class Counsel may petition the Court, after seeking the  
19 recommendation of the Compliance Monitor, to amend the Final Judgment to include the New  
20 Insurer as an Insurer covered by the terms of this Final Judgment.

21 **F. Price and Quality Transparency:**

22 1. Subject to reasonable confidentiality protections against further disclosure, an  
23 Insurer may provide Self-Funded Payers (a) access to the pricing terms in Defendants’ agreements  
24 with that Insurer as soon as those agreements are fully executed.

25 2. An Insurer may provide a Self-Funded Payer, which has a contract with that Insurer  
26 to access Sutter Providers, that Self-Funded Payer’s own claims paid data from that Insurer, which  
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1 that Self-Funded Payer may use for any purpose subject to reasonable protections against further  
2 disclosure of price information.

3 3. Insurers and/or Self-Funded Payers may provide enrolled members with access to  
4 pricing, quality, and/or cost information concerning Sutter Providers for purposes of comparing  
5 such Providers' prices and/or quality for particular healthcare services and products to the prices  
6 and/or quality of the same healthcare services or products available from other providers.

7 Defendants' remedy for the posting of allegedly inaccurate pricing or quality information by  
8 Insurers and/or Self-Funded Payers is (1) to post the allegedly correct information on its own  
9 website, (2) to seek a court or, if applicable, arbitration order requiring the correction of the  
10 information, and/or (3) to pursue any other remedies authorized by law.

11 4. Insurers and/or Self-Funded Payers shall have discretion to publish their subjective  
12 views or ratings of the relative cost and/or quality of Sutter Providers and competing providers,  
13 including without limitation the option to separately rate the cost or quality of individual doctors  
14 in a medical practice.

15 5. Defendants shall not require Insurers and/or Self-Funded Payers to comply with  
16 additional process for disclosure of data related to Health & Safety Code Section 1367.49 &  
17 Insurance Code Section 10133.64 beyond what is expressly required by California law.

18 **G. Miscellaneous**

19 **1. Admitting Privileges**

20 a. Defendants shall continue to offer physicians, including independent  
21 physicians an opportunity to apply for and enjoy medical staff membership and privileges at their  
22 hospitals in accordance with California law and the medical staff bylaws, rules, regulations,  
23 criteria, and standards. Defendants shall also continue to offer physicians, including independent  
24 physicians, the opportunity to admit patients to, participate in, and practice at these hospitals  
25 (including through on call schedules) in accordance with California law and the medical staff  
26 bylaws, rules, regulations, criteria, and standards.

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**2. Retaliation**

a. Retaliation or threats of retaliation based on any entity or individual having provided information in conjunction with the lawsuit or providing any information going forward to any party, the Compliance Monitor, or the Court, is prohibited.

**3. Notices**

All communications required to be made under this Final Judgment shall be sent to the respective parties at the following addresses:

- If to Defendants: Florence L. Di Benedetto  
SVP & General Counsel  
Sutter Health  
Office of the General Counsel  
2200 River Plaza Drive  
Sacramento, CA 95833  
dibenef@sutterhealth.org
- If to the People: Emilio Varanini  
Deputy Attorney General  
455 Golden Gate Avenue, Ste. 11000  
San Francisco, Ca. 94102  
E-mail: Emilio.Varanini@doj.ca.gov
- If to Class Counsel: Pillsbury & Coleman, LLP  
100 Green Street  
San Francisco, CA 94111  
Attn: Richard L. Grossman  
E-mail: rgrossman@pillsburycoleman.com
- Cohen Milstein Sellers & Toll PLLC  
1100 New York Avenue, N.W., Suite 500  
Washington, DC 20005  
Attn: Daniel A. Small  
E-mail: dsmall@cohenmilstein.com
- Farella Braun + Martel  
Russ Building  
235 Montgomery Street  
San Francisco, CA 94104  
Attn: Christopher Wheeler  
E-mail: cwheeler@fbm.com

1 Kellogg, Hansen, Todd, Figel & Frederick, P.L.L.C  
2 1615 M Street, N.W., Suite 400  
3 Washington, DC 20036  
4 Attn: Daniel Bird  
5 E-mail: dbird@kellogghansen.com

6 McCracken, Stemerma & Holsberry, LLP  
7 595 Market Street, Suite 800  
8 San Francisco, CA 94105  
9 Attn: Sarah Grossman-Swenson  
10 E-mail: sgs@msh.law

11 **V. COMPLIANCE MONITOR**

12 **A. Settlement Compliance Monitor**

13 For the purpose of monitoring compliance with this Final Judgment, Dionne Lomax of  
14 Affiliated Monitors, Inc. shall serve as the Compliance Monitor pursuant to an agreement among  
15 the Compliance Monitor and the Parties, which shall be submitted to the Court.

16 **B. Powers of the Compliance Monitor**

17 1. The Compliance Monitor shall have the following powers to monitor compliance  
18 with this Final Judgment: to investigate compliance; to take complaints from Plaintiff(s) and  
19 Insurers; to compel disclosure of confidential documents subject to appropriate confidentiality  
20 protections; to interview witnesses; to inspect records; to hire staff and experts; and to make  
21 recommendations concerning enforcement to the Court.

22 2. In investigating compliance, or in taking complaints from Plaintiff(s) and  
23 Insurer(s), the Compliance Monitor may, in his or her discretion, fully investigate any such  
24 complaints to determine compliance with the terms of this Final Judgment and/or set up a process  
25 by which evidence shall be presented for the Compliance Monitor to make an appropriate  
26 recommendation to the Court.

27 **C. Specific Procedures**

28 1. With respect to Section IV.B.2.c above, related to a challenge by the Office of the  
California Attorney General and/or Class Counsel to a decision by CPMC or PAMF not to  
participate in a Commercial Product, the Office of the California Attorney General and/or Class

1 Counsel may present evidence that the refusal is pretextual. If it is determined by the Court that  
2 CPMC's or PAMF's refusal is pretextual, CPMC or PAMF shall participate in the product, subject  
3 to the negotiation of mutually agreeable price terms so long as the price terms offered by Sutter  
4 are not tantamount to conditioning the participation of CPMC or PAMF on the participation,  
5 pricing, or tiered status of other providers.

6         2.         With respect to Sections IV.C.3.b and IV.C.3.c above, governing the Clinical  
7 Integration and/or Patient Access Considerations, the process set up by the Compliance Monitor  
8 shall include the presentation of evidence supporting or contesting the invocation of the exceptions  
9 for conditioning access set forth in those sections and supporting or contesting any claim by  
10 Plaintiff(s) that the invocation of those exceptions is anticompetitive (for example, and without  
11 limitation, because the Group B Hospital in question has market power, the anticompetitive effects  
12 of conditioning outweigh the procompetitive benefits, etc.).

13                 a.         Sutter shall have the right, to be exercised solely within Defendants'  
14 discretion, to provide the Compliance Monitor with evidence to show that its invocation of the  
15 exceptions for Clinical Integration and Patient Access Considerations was non-pretextual.

16                 b.         After considering all of the evidence offered by any applicable witness or  
17 Party, the Compliance Monitor shall decide whether Defendants' invocation of the exception in  
18 question was pretextual.

19                 c.         If the Compliance Monitor concludes that Defendants' invocation of the  
20 exception in question was not pretextual, the Office of the California Attorney General and/or  
21 Class Counsel shall then have the burden of presenting evidence and of proving that the invocation  
22 of these exceptions was anticompetitive (for example, and without limitation, because the Group B  
23 Hospital in question has market power, the anticompetitive effects of conditioning outweigh the  
24 procompetitive benefits, etc.). Defendants may choose to present additional evidence supporting  
25 the claimed benefits as part of this process. The Office of the California Attorney General and/or  
26 Class Counsel shall retain the burden of showing that any evidence of claimed benefits presented  
27 by Defendants is outweighed by their evidence of anticompetitive effects and/or that, upon  
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1 meeting their burden of proving anticompetitive effects, this evidence of benefits is otherwise  
2 unsupportable.

3           d.       With respect to the Clinical Integration exception, the following provisions  
4 also shall apply:

5                   (i)       The existence of a referral relationship, common electronic health  
6 records, both a referral relationship and common health records, common county or geographic  
7 area of Sutter Provider location, or a claim of patient or physician convenience alone shall not be  
8 sufficient to establish that any group of Sutter Providers are Clinically Integrated.

9                   (ii)       The Compliance Monitor shall also consider whether the  
10 arrangement is likely to improve the quality and/or affordability of the health care services that are  
11 being provided and whether such an improvement reasonably can be achieved without  
12 participation of all of the designated Sutter Providers in the same network or tier.

13 **D.     Duty to Cooperate with Compliance Monitor**

14       The Parties shall cooperate with the Compliance Monitor in the performance of his or her  
15 work and shall take no action to interfere with or impede the Compliance Monitor's ability to  
16 monitor Sutter's compliance with this Order.

17 **E.     Expenses of the Compliance Monitor**

18       The Compliance Monitor shall be entitled to receive reimbursement of its reasonable fees  
19 and costs. The Court shall approve all claims for reimbursement, and the Parties shall be entitled  
20 to submit to the Court comments on the reasonableness of the fees and costs. Defendants shall  
21 pay the reasonable fees and costs for the Compliance Monitor by establishing a Monitor Fund to  
22 be administered by the Office of the Attorney General as approved by the Court.

23 **F.     Confidentiality**

24       1.       The Parties may require the Compliance Monitor and each of the Compliance  
25 Monitor's consultants, accountants, and other representatives, agents, and assistants to sign a  
26 confidentiality agreement; *provided, however*, that such agreement shall not restrict the  
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# **EXHIBIT A**

**to [Proposed] Final Judgment**



**Exhibit A**  
**List of Ambulatory Surgery Centers Pursuant to IV.C.2.b.(2)**

1. Peninsula Endoscopy Center LLC
2. Peninsula Eye Center

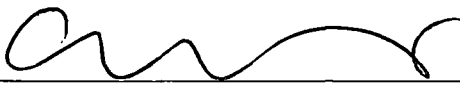
**CERTIFICATE OF ELECTRONIC SERVICE**  
(CCP 1010.6(6) & CRC 2.251)

I, Ericka Larnauti, a Deputy Clerk of the Superior Court of the County of San Francisco, certify that I am not a party to the within action.

On August 27, 2021, I electronically served the attached document via File & ServeXpress on the recipients designated on the Transaction Receipt located on the File & ServeXpress website.

Dated: August 27, 2021

T. Michael Yuen, Clerk

By:   
\_\_\_\_\_  
Ericka Larnauti, Deputy Clerk