

Exhibit D

March 2015

Confidential Business Information
Confidential Treatment Requested

In the Matter of Michigan Hospital Marketing

DOJ CID No. 27904

MIAG CID No. 2014-0075720-A

**STATEMENT OF ALLEGIANCE HEALTH IN FURTHER RESPONSE TO
THE DOJ AND MIAG CIVIL INVESTIGATIVE DEMANDS**

Allegiance Health (“Allegiance”) hereby submits this response to the DOJ Antitrust Division and the Michigan Attorney General’s Office Civil Investigative Demands referenced above, which concern Allegiance’s marketing activities in Hillsdale County. As demonstrated below, Allegiance’s conduct does not reflect any unlawful agreement between Allegiance and Hillsdale Community Health Center (“HCHC”), or any other entity, to restrain trade. Accordingly, Allegiance respectfully requests that the Staff recommend that the DOJ and MIAG terminate its investigation of Allegiance, without action, at this time.

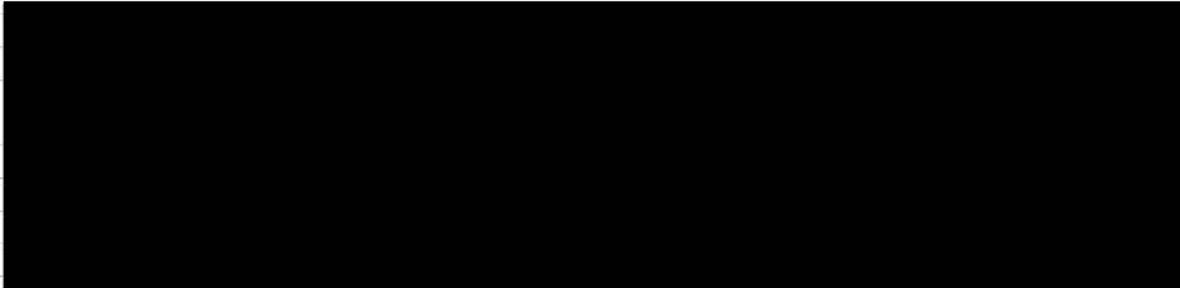
I. Allegiance Health

Allegiance is a community-owned and locally-governed integrated health system, located in Jackson, Michigan, that has been nationally recognized for excellence in service to its community.¹ Over the last decade or so, this mission has proven to be increasingly difficult, as Jackson County has been among the most economically challenged counties in all of Michigan. As a result, Allegiance is now not only Jackson’s most important source of healthcare, but its largest employer as well.

Under the leadership of its current CEO, Ms. Georgia Fojtasek, Allegiance has broadened its services over the last decade and now provides a comprehensive range of inpatient and outpatient services, including many specialty services typically offered only by Allegiance’s larger competitors -- the University of Michigan Health System, St. Joseph’s/Trinity, Borgess, Promedica and Sparrow Health System. These changes have been implemented to position Allegiance for long term viability in an ever changing

¹ In 2010, Allegiance was proud to receive the American Hospital Association’s Foster G. McGraw Prize, awarded annually to the hospital in the country that best demonstrates excellence in partnering with other community organizations to address the needs of the underserved.

This strategy, described by Ms. Fojtasek as Allegiance's "Switzerland" approach to Hillsdale (Fojtasek Dep, p. 63, ln. 13-21), entailed having Allegiance staff take all steps reasonably possible to avoid "antagonizing" HCHC or its doctors, recognizing that doing so might make it less likely that they would refer open heart patients to Allegiance. To that end, Allegiance affirmatively, *but independently*, chose to limit certain marketing efforts into Hillsdale County, hoping that "good relations" with Hillsdale County referring physicians would lead to more referrals.⁵



IV. Notwithstanding the Critical Importance of Hillsdale County to Allegiance's Open Heart Program, Allegiance's Strategy Did Not Entail the Elimination of all Marketing in Hillsdale; Allegiance Continues to Market in Hillsdale and to Garner Significant Market Share Across all Service Lines

While Allegiance does not deny that it has limited certain marketing in Hillsdale County to achieve its objectives (its "Switzerland" strategy), Allegiance has continued to market its services in Hillsdale County in an attempt to attract additional patients for its services. In addition, as noted below, these efforts have not been limited solely to the cardiovascular services that drive its open heart program; Allegiance's marketing in Hillsdale County has taken a variety of forms and cut across a wide variety of Allegiance's most important service lines, including those in which Allegiance and HCHC are direct competitors. This evidence directly refutes any suggestion that Allegiance has reached any agreement with HCHC not to compete with it in Hillsdale County.

One particularly significant form of marketing undertaken by Allegiance in Hillsdale County is Allegiance's digital advertising. Beginning with a focus on oncology and cardiovascular services in 2012, Allegiance has targeted Hillsdale County internet users, who receive information on Allegiance whenever they search for healthcare services on Google. In 2013, this marketing expanded to orthopedic services as well.⁶ Allegiance records reflect approximately 45,000 "impressions" in Hillsdale County each

⁵ In fashioning this approach to Hillsdale, Ms. Fojtasek recalled that actions taken by Allegiance in Hillsdale County back in 1999 had drawn a swift and negative response from the Hillsdale community; for this reason, if Allegiance's efforts to attract open heart referrals were to be successful, a somewhat less overtly aggressive approach to marketing and competition would be required.

⁶ Digital marketing of Allegiance's orthopedic services was deferred until 2013 because Allegiance decided to await the arrival of its newly recruited orthopedic surgeons; once those surgeons arrived, marketing on this service line was added for Hillsdale County.