

**IN THE LAW COURT FOR SULLIVAN COUNTY  
AT KINGSPORT**

<b>HIGHLANDS PHYSICIANS, INC.,</b>	)	
<b>a Delaware corporation,</b>	)	
<b>for itself and as representative</b>	)	
<b>of a class of itself and its members,</b>	)	<b>No. C41368C</b>
	)	
<b>Plaintiff,</b>	)	
	)	<b>Chancellor E. G. Moody</b>
<b>v.</b>	)	
	)	
<b>WELLMONT HEALTH SYSTEM,</b>	)	
	)	
<b>Defendant.</b>	)	

**NOTICE TO CLASS MEMBERS**  
**OF PROPOSED SETTLEMENT OF CLASS ACTION**

**TO: ALL MEDICAL PRACTITIONERS OR PRACTICE GROUPS WHO WERE MEMBERS OF HPI FOR PART OR ALL OF THE PERIOD BEGINNING JUNE 22, 2012 THROUGH FEBRUARY 2, 2016**

The Law Court for Sullivan County at Kingsport (the “Court”) authorized this Settlement Notice. This is not a solicitation.

- The purpose of this Settlement Notice is to inform you of a proposed settlement (“Settlement”) of the above-referenced action (the “Action”).
- You may have recently received a notice regarding the distribution of damages in the Action. The earlier notice and this Settlement Notice relate to the same Action. This Settlement Notice supersedes the earlier notice.
- In relevant part, the Settlement provides that Wellmont shall pay HPI and all medical practitioners or practice groups who (i) were members of HPI for part or all of the period beginning June 22, 2012 through February 2, 2016 and (ii) did not opt out of the class action (the “Class Members”), cash consideration in the amount of Seventy-Six Million and 00/100 Dollars (\$76,000,000) (the “Settlement Fund”). The Settlement Fund will be dispersed through an independent third-party settlement administrator. The complete terms of the Settlement are set forth in a Settlement Agreement and Release (the “Settlement Agreement”) and related exhibits, which can be viewed at the Class Settlement Website: <https://www.highlandsphysiciansdistribution.com/CourtDocs.aspx>
- The Class Members were awarded a judgment against Wellmont in the amount of \$57,959,053 in January 2019 (“Judgment”). Thereafter, the Court found that Wellmont was required to pay the attorneys’ fees incurred by HPI (“Plaintiff”) on behalf of the Class

Members and set the amount Wellmont would be required to pay. On appeal, the Tennessee Court of Appeals upheld the Judgment but reversed the Court's decision on the amount of attorneys' fees and required that this amount be determined by a jury in a later trial.

- In addition, the Settlement Agreement provides that as part of the Settlement, HPI will form a new health care network of which HPI will be the sole owner, using the corporation now called HWHN; to effect this, Wellmont will convey to HPI Wellmont's 50% stock ownership in HWHN, infuse \$6,700,000 in new capital into HWHN, cancel about \$2,000,000 in debt owed by HWHN to Wellmont, and agree to continue to perform more than 20 existing payer contracts for a specified period of time. Except as just stated, otherwise and thereafter Wellmont will sever its connections to HWHN. All of this is more fully described in the parties' Joint Motion for Preliminary Approval of Class Settlement, which is available on the Class Settlement Website.
- Plaintiff and its counsel, Shook, Hardy & Bacon LLP ("Class Counsel"), believe that the Settlement provides a substantial benefit to the Class Members and avoids the costs and risks associated with continued litigation. Plaintiff and Class Counsel believe that the Settlement is fair, reasonable, adequate, and in the best interests of the Class Members.
- Class Counsel will ask the Court to approve attorneys' fees and expenses in an amount that shall not exceed Eighteen Million Dollars (\$18,000,000). Any attorneys' fees and expenses awarded to Class Counsel shall be paid exclusively from the Settlement Fund.

### **Your Legal Rights and Options in the Settlement:**

<b>DO NOTHING</b>	Give up rights to object to the Settlement.
<b>OBJECT</b>	You may write to the Court if you don't like the Settlement.
<b>GO TO A HEARING</b>	You may ask to speak in Court about the fairness of the Settlement.

These rights and options—*and the deadlines to exercise them*—are explained below.

### **BASIC INFORMATION**

1. **Why Did I Get This Settlement Notice?** You may have been a medical practitioner or a practice group that was a member of HPI for some period of time between June 22, 2012 and February 2, 2016 who did not previously opt out of the class, and therefore you may be a Class Member. The Court directed that this Settlement Notice be sent to you because you have a right to know about the proposed Settlement of this class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement Agreement.

2. **Why Is This a Class Action?** In a class action, one or more people or entities called class representatives or plaintiffs (in this case HPI) sue on behalf of people and entities who have similar claims. Here, all these people and entities are called Class Members. One court resolves the issues for all Class Members.

3. **Why Is There a Settlement?** This case remains pending on remand from the Tennessee Court of Appeals. While the Court recently entered an order granting preliminary approval of HPI's proposed plan for the initial distribution of damages, it could be one or more years before the trial court is able to hold yet another jury trial on the remaining issue of attorney's fees and costs. The litigation process is time consuming and expensive. If both sides agreed to a settlement, such as this one, the parties can avoid the cost and risk of continued litigation. Plaintiff and Class Counsel believe the Settlement is in the best interests of the Class Members.

4. **How Do I Know if I Am Part of the Settlement?** The class includes all medical practitioners or practice groups who were members of HPI for part or all of the period beginning June 22, 2012 and ending February 2, 2016 and who did not previously opt out of the class. If you requested to be excluded from the class in 2018, which is also called "opting out" of the class, you are not a Class Member, and you are not part of the Settlement.

5. **Can I Bring My Own Lawsuit?** If you are a Class Member, you *cannot* bring your own lawsuit. If you object to the Settlement, your sole recourse is to file an objection in advance of the Settlement Hearing, in the form and manner described below.

#### **WHAT CLAIMS WILL THE SETTLEMENT RELEASE?**

1. The Settlement Agreement provides that all Class Members will release all "HPI Settled Claims" against the "Wellmont Released Parties" if the Court grants final approval of the Settlement Agreement. HPI Settled Claims is defined as any and all liabilities, rights, claims, actions, causes of action, demands, damages, costs, attorneys' fees, losses and remedies, whether known or unknown, existing or potential, suspected or unsuspected, accrued or unaccrued, liquidated or unliquidated, legal, statutory or equitable, through the Effective Date of the Settlement Agreement, that result from, arise out of, or are based upon or could have been based upon, omissions, duties, matters or facts that were alleged in the Action or out of the prosecution, defense or conduct of the Action, except for claims to enforce the terms of the Settlement Agreement. "Wellmont Released Parties" is defined as Wellmont and/or any of its corporate parents, affiliates or subsidiaries and each and all of its respective past, present or future officers, directors, shareholders, representatives, employees, attorneys, advisors, consultants, insurers, members, predecessors, successors and assigns.

2. The Settlement Agreement also provides that Wellmont will release all "Wellmont Settled Claims" against the "HPI Released Parties" if the Court grants final approval of the Settlement Agreement. Wellmont Settled Claims is defined as any and all liabilities, rights, claims, actions, causes of action, demands, damages, costs, attorneys' fees, losses and remedies, whether known or unknown, existing or potential, suspected or unsuspected, accrued or unaccrued, liquidated or unliquidated, legal, statutory or equitable, through the Effective Date of the Settlement Agreement, that result from, arise out of, or are based upon or could have been based upon, omissions, duties, matters or facts that were alleged in the Action or out of the prosecution, defense or conduct of the Action, except for claims to enforce the terms of the Settlement Agreement. "HPI Released Parties" is defined as HPI, the Class Members, and/or any of their parent entities, associates, affiliates or subsidiaries and each and all of their respective past, present or future officers, directors, shareholders, representatives, employees, attorneys, members, personal representatives, estates, heirs, administrators, predecessors, successors and assigns.

3. The releases extend to claims that the releasing parties do not know or suspect to exist at the time of the release, which if known, might have affected the decision to enter into the

releases. The releasing parties shall be deemed to have waived any and all provisions, rights and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law, which governs or limits a person's release of unknown claims.

### **THE LAWYERS REPRESENTING YOU**

1. **Do I Have a Lawyer in This Case?** The law firms of Shook, Hardy, & Bacon, LLP ("Class Counsel"), Baker, O'Kane, Atkins & Thompson, PLLP, and PennStuart represent the Class Members in this case. You will not be charged for these lawyers. If you want your own lawyer to advise you regarding the Settlement, you may hire one at your own expense.

2. **How Will the Lawyers Be Paid?** Class Counsel will ask the Court for an award of, at most, Eighteen Million Dollars (\$18,000,000) in attorneys' fees and expenses to pay Class Counsel amounts owed under the fee agreements that HPI signed, which are available for review on the Class Settlement Website. This amount will be paid out of the Settlement Fund. You are not personally liable for any fees or expenses. To date, Class Counsel have not been paid in full for their services in conducting this litigation on behalf of Plaintiff and the Class. The fee requested will compensate Class Counsel for their work in achieving the Settlement. The other lawyers have been paid at hourly rates by HPI, which will seek reimbursement of these fees and other litigation costs out of the Settlement Fund.

### **WHAT ARE THE TERMS OF THE PROPOSED FINAL ORDER AND JUDGMENT?**

1. If the Court determines that the Settlement, as provided for in the Settlement Agreement, is fair, reasonable, adequate and in the best interests of the Class Members, the parties shall jointly request that the Court enter a Final Order and Judgment that, among other things: (a) determines that the Settlement is fair, reasonable, adequate, negotiated at arm's length, and in the best interests of the Class Members; directs Wellmont and HPI and their counsel to implement and consummate the Settlement Agreement according to its terms and provisions; and declares the Settlement Agreement to be binding on all Class Members; (b) determines that the notice to Class Members was reasonably calculated to apprise the Class Members of the Settlement and of their rights to object and to appear at court hearings and was otherwise legally adequate and sufficient notice that satisfies Due Process requirements; (c) finds that HPI and Class Counsel adequately represented the Class Members for purposes of the Settlement; (d) vacates the Judgment, the injunction entered by the Court, and the attorneys' fee award that was previously entered by the Court and overruled by the Court of Appeals; (e) includes a revised injunction that incorporates the terms of the Settlement Agreement relating to retaliation; (f) releases the released parties from the released claims; (g) enters judgment dismissing the Action with prejudice and with court costs assessed to HPI, which costs shall be paid from the Settlement Fund; and (h) bars and enjoins all releasing parties from asserting any of the released claims at any time, including during any appeal from the Final Order and Judgment.

### **DISTRIBUTION OF THE SETTLEMENT FUND**

1. You may have recently received a notice regarding distribution of damages awarded in the Action. While that notice provides important and accurate background information, its discussion of how the funds obtained by HPI will be distributed is entirely replaced by this Settlement Notice.

2. At least 30 days prior to the Final Approval Hearing, HPI will submit and file with the Trial Court a plan that allocates the Settlement Fund to Class Members. HPI will propose that

the Settlement Fund be distributed as follows:

- a. Approximately \$51,000,000 to Class Members consistent with HPI's theory of liability at trial. The amounts due will be calculated and distributed to practice groups using data available to HPI and based on a reasonable estimate of each Class Member's actual losses within each of three categories of damages. The estimate will project losses at the practice group level consistent with HPI's theory of liability at trial. The data used shall be deemed by the Trial Court to be reasonably reliable. The three categories of damages are:
  - i. Damages incurred as a result of Cigna's termination of its contract with HWHN in 2013. These damages are approximately 56% of the damages to Class Members.
  - ii. Damages incurred as a result of the termination of HWHN's contracts with certain direct employers. These damages are approximately 40% of the damages to Class Members.
  - iii. Damages incurred relating to HWHN's Network Access Agreement with Wellmont. These damages are approximately 4% of the damages to Class Members.
- b. \$18,000,000 to Class Counsel, as discussed above.
- c. Approximately \$2,100,000 to HPI to reimburse it for costs and expenses incurred as class representative in this Litigation. HPI is finalizing its calculations of the exact figure and will provide detailed backup with its request to the Court.
- d. \$636,666.74 to HPI for unpaid "tithes" (as defined in the Action), which includes interest at the statutory post-judgment interest rate applicable to the Judgment.
- e. \$1,007,207 to HPI for unpaid tithes that HPI alleges have accrued since the entry of the Judgment.
- f. \$3,000,000 to the Settlement Administrator to hold in escrow for HPI to indemnify Wellmont against certain claims relating to HWHN, as set out in Section 4 of the Settlement Agreement, and to be released to HPI periodically if not used as set out in the Settlement Agreement.

### **OBJECTING TO THE SETTLEMENT**

1. **How Do I Tell the Court That I Don't Like the Settlement?** If you are a Class Member, you can object to the Settlement and/or the Distribution Plan. You can give reasons why you think the Court should not approve the Settlement and/or the Distribution Plan. The Court will consider your views. To object, you must send a letter containing the following information:

- a. The name of the Action;
- b. Your full name, address and telephone number;
- c. An explanation of the basis upon which you claim to be a Class Member;
- d. All grounds for the objection, accompanied by any legal support for the objection known to you or your counsel;
- e. The number of times in which you have objected to a class action settlement within

the last five years, as well as the caption of each case in which you have made such objection, and a copy of any orders related to or ruling upon your prior objections that were issued by the trial and appellate courts in each listed case;

- f. The identity of all counsel and law firm(s) who represent you, including any former or current counsel or law firm(s) who may be entitled to compensation for any reason related to the objection;
- g. A copy of any orders related to or ruling upon the prior objections of your counsel and/or law firm that were issued by the trial and appellate courts in each listed case in which your counsel and/or counsel's law firm have objected to a class action settlement within the preceding five years;
- h. Disclosure of all communications between you and your counsel and the senior management or counsel of Wellmont and/or HPI if those communications relate in any way to the Settlement or the objection;
- i. Any and all agreements, written or oral, that relate to the objection or the process of objecting between you and your counsel and any other person or entity;
- j. The identity of all counsel representing you who will appear at the Final Approval Hearing or other hearing;
- k. A list of all persons who will be called to testify at the Final Approval Hearing in support of the objection;
- l. A statement confirming whether you intend to personally appear and/or testify at the Final Approval Hearing or other hearing; and
- m. Your signature and, if you are represented by counsel, your counsel's signature.

For an objection to be considered by the Court, the objection and all writings and other documents supporting the objection, must be mailed to the Clerk of the Trial Court, Class Counsel, and Wellmont's counsel at the addresses specified below not less than twenty-one (21) calendar days prior to the Final Approval Hearing.

***Clerk of the Court:***

Clerk of Court  
Law Court of Sullivan County  
801 Anderson Street  
Bristol, TN 37620

***Class Administrator:***

CPT Group, Inc.  
Attn: Highlands Physicians matter  
50 Corporate Park  
Irvine, CA 92606

***Class Counsel:***

Shook, Hardy & Bacon LLP  
111 S. Wacker Drive, Suite 4700  
Chicago, IL 60606  
Attn: Gary M. Elden (golden@shb.com)  
Matthew C. Wolfe (mwolfe@shb.com)

***Counsel for Defendant:***

Bass, Berry, & Sims  
150 Third Ave. S., Suite 2800  
Nashville, TN 37201  
Attn: W. Brantley Phillips, Jr.  
(bphillips@bassberry.com)

## THE COURT'S SETTLEMENT HEARING

1. **When and Where Will the Court Decide Whether to Approve the Settlement?**

The Court will hold a Final Approval of Settlement Hearing at 10:00 a.m. on August 12, 2021, before: **The Honorable E.G. Moody, Sullivan County Courthouse, 801 Anderson Street, Bristol, Tennessee 37620**. The final approval hearing for the First Distribution Plan previously set for July 13, 2021 will not take place; it will be combined with the final approval hearing set out above.

2. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them at that time, and will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay Class Counsel. You should be aware that the Court may change the date and time of the hearing. If you want to come to the hearing, you should check with the Court before coming to be sure that the date and/or time has not changed.

3. **Do I Have to Come to the Hearing?** No. Class Counsel will answer questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

4. **May I Speak at the Hearing?** You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter to the Clerk, Class Administrator, Class Counsel, and Counsel for the Defendant, at their addresses, which are listed above. Your letter must provide (i) your name, address and telephone number; (ii) a statement that this is your "Notice of Intention to Appear" at the Settlement Hearing or other hearing, as applicable, for the HPI Settlement in *Highlands Physicians, Inc. v. Wellmont Health System*, Law Court for Sullivan County, Tennessee, Docket No C41368C; (iii) the reasons you want to be heard; (iv) copies of any papers, exhibits, or other evidence or information that is to be presented to the Court; and (v) your signature and, if applicable, your attorney's signature (an attorney's signature alone is not sufficient). Your notice of intention to appear must be mailed no later than July 22, 2021.

### GETTING MORE INFORMATION

1. **Are There More Details About the Settlement?** This Settlement Notice summarizes the proposed Settlement. More details are in the Settlement Agreement dated May 27, 2021. You can view a copy of the Settlement Agreement and related exhibits on the Class Settlement Website. If you have questions or want to get additional information about the Settlement or the litigation, you can email or write to Gary M. Elden at the above address.

**PLEASE DO NOT CALL THE COURT REGARDING THIS SETTLEMENT NOTICE**

Dated: June 7, 2021.

BY ORDER OF THE LAW COURT  
OF SULLIVAN COUNTY AT KINGSPORT