

DaVita Inc. Securities Litigation

Summary Prepared for the City of Jacksonville Police & Fire Pension Fund

April 21, 2017 Meeting

DaVita is one of the largest kidney dialysis services providers in the United States, serving patients in approximately 900 locations nationwide. The case is pending in Colorado District Court in front of Judge William J. Martinez and is on behalf of purchasers of DaVita stock for a class period of August 5, 2015 through October 21, 2016.

Jacksonville P&F has a \$290K FIFO Loss (accounts 2234360 – Brown Advisory and 2234361 – Sawgrass).

<ul style="list-style-type: none">• Many of Davita's patients are on Medicaid and Medicare. These government plans only reimburse a portion of the billing for kidney treatment services.
<ul style="list-style-type: none">• DaVita improperly steered patients to costly private insurance plans. The patients were only able to afford these plans, because DaVita made "contributions" to a non-profit foundation (the American Kidney Fund).
<ul style="list-style-type: none">• AKF would then pay for the patients' monthly premiums and channel the patients back to DaVita (they were not supposed to favor any treatment center)- a relationship which has subsequently been terminated.
<ul style="list-style-type: none">• The Company hid the true extent of its relationship with the AKF from investors. DaVita "steered" patients off Medicare/Medicaid into commercial plans so that the company could charge significantly higher prices (\$300 vs. \$4000).
<ul style="list-style-type: none">• The patient targeting and steering was a company-wide "campaign" that was highly organized and coordinated, and the performance of the campaign was actively monitored and tracked by management.
<ul style="list-style-type: none">• The Company hid the true extent of its relationship with the AKF from investors.
<ul style="list-style-type: none">• Major health insurers began to complain to the federal government after witnessing sudden spikes in payments to dialysis centers. The sudden spike in dialysis payments raised health insurance costs across the board as it basically dumped catastrophic claims into the pool.
<ul style="list-style-type: none">• The U.S. Department of Justice is investigating the relationship between DaVita and AKF

Jacksonville P&F and Georgia Peace Officers were the only lead plaintiff movants.

In terms of scheduling, we are going to propose the following: 60 days to file an amended complaint (from the date we are appointed); 60 days for defendants to file a MTD; 60 days for plaintiffs to file an opposition; and 30 days for defendants to file a reply.



SAXENA WHITE