

**ORIGINAL**

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**



**COMMISSIONERS: Deborah Platt Majoras, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
William E. Kovacic  
J. Thomas Rosch**

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**EVANSTON NORTHWESTERN HEALTHCARE CORPORATION | Docket No. 9315**

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**BRIEF *AMICUS CURIAE* OF ECONOMICS PROFESSORS**

**David Dranove, Northwestern University  
Leemore Dafny, Northwestern University  
Roger Feldman, University of Minnesota  
Martin Gorman, Georgia College & State University**

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**Richard Lindrooth, Medical University of South Carolina  
Mark Satterthwaite, Northwestern University**

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1. Interest of *Amici Curiae*

on health economics and the economics of industrial organization.<sup>1</sup> This submission describes

In *Case*, FNHL's motion, the Commission ruled that FNHL could receive interest provided

that the member hospitals set prices independently.

**4. Why the Commissioners' ruling will reduce competition and harm consumers**

In our view, the FTC Commissioners' decision effectively vitiates the judge's decision and

substitutes a remedy which is likely to be ineffective in curbing anticompetitive behavior for two

potential harm must not be overlooked. While quality competition may occur on general dimensions—e.g. efforts to cut prescribing errors for medications, the literature suggests that competition often centers on the availability of services. Under the banner of improving efficiency, what if Evanston and Highland Park decide to segment the market—say, let

Evanston dominate in heart care and give cancer to Highland Park? This could easily create

a “must have” situation for each hospital for some services, putting managed care plans in the

position of having to contract with both if they want to serve the North Shore market. The



Martin Gaynor, Carnegie Mellon University



Richard Lindrooth, Medical University of South  
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William D. White, Cornell University

## Appendix

**David Dranove** is the Walter McNERney Distinguished Professor of Health Industry Management at Northwestern University's Kellogg Graduate School of Management, where he is also Professor of Management and Strategy and Director of the Center for Health Industry Market Economics. He has a Ph.D. in Economics from Stanford University. Professor

emphasis on the health care industry.

**Leemore Dafny** is Assistant Professor of Management and Strategy at Northwestern University's Kellogg Graduate School of Management. Her research focuses on competition in

Department of Justice, and the California Department of Corporations on antitrust issues. He received his Ph.D. in economics from Northwestern University.

**Vivian Ho** holds the James A. Baker III Institute Chair in Health Economics at Rice University. She is also an Associate Professor of Economics at Rice and an Associate Professor at the Baylor College of Medicine. Ho has a PhD in Economics from Stanford University. Ho's research

*examines the effects of government policies and institutions on health care and outcomes.*

with a focus on the hospital sector.

**Richard Lindrooth** is an Associate Professor in Medical University of South Carolina's

Department of Health Administration and Policy, where he is also Associate Director of the

and Yale University. Professor White's research focuses on the organization and operation of healthcare markets.



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