

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman  
Julie Brill  
Maureen K. Ohlhausen  
Terrell McSweeney

	)	
In the Matter of	)	
	)	
Advocate Health Care Network, a corporation;	)	Docket No. 9369
	)	
Advocate Health and Hospitals Corporation, a corporation;	)	
	)	
and	)	PROVISIONALLY REDACTED
	)	PUBLIC VERSION
NorthShore University HealthSystem, a corporation.	)	
	)	

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act (“FTC Act”), and by the virtue of the authority vested in it by the FTC Act, the Federal Trade Commission (“FTC” or “Commission”), having reason to believe that Respondents







revenue in 2014 exceeded \$173 million. Both Advocate Lutheran General and Advocate Condell are Licensed Level I Adult Trauma Centers

14. Advocate employs approximately 1,375 physicians as part of its employed physician group, the Advocate Medical Group, and clinically integrates with an additional 3,825 non-

C.

The Transaction

18. In early 2014, NorthShore initiated discussions with Advocate regarding potential affiliation. On September 11, 2014, Respondent entered into the Affiliation Agreement, according to which HCN will







GAC INPATIENT HOSPITAL SERVICES		
Share of Commercial GAC Inpatient Admissions for Hospitals Within North Shore Area Limited to commercial patients residing in the 6 county Chicagoland metropolitan area		
Hospital	Share of Admissions	
	Pre-Transaction	Post-Transaction
NorthShore Evanston Hospital NorthShore Glenbrook Hospital NorthShore Highland Park Hospital NorthShore Skokie Hospital	35%	



commercial payers. This increase in leverage is greater when the merging hospitals are closer substitutes for (and competitors to) each other.

38. Changes in the reimbursement terms negotiated between a hospital and commercial payers, including increases in reimbursement rates, significantly impact the

substitutes, the Transaction would eliminate a significant incentive for the Respondents to compete on price and other reimbursement terms





expansion of current facilities. Obtaining CON approvals is a time-consuming process. Moreover, construction of a new hospital would take substantially longer than two years from initial planning stages to opening.

54. Potential entry or expansion would also be insufficient to counteract the anticompetitive effects of the Transaction. Entrants would face significant challenges in replicating the competitiveness and reputation of either Advocate or NorthShore, both of whom offer a broad cluster of GAC inpatient hospital services, have multiple hospitals in the relevant market, generate billions of dollars in annual revenue, and provide health care services to tens of thousands of inpatients per year.

VIII.

EFFICIENCIES

55. ~~Redacted text~~





such answer, you may, however, reserve the right to submit proposed findings and conclusions under Rule 3.46 of the Commission's Rules of Practice for Adjudicative Proceedings.

Failure to file an answer within the time above provided shall be deemed to constitute a waiver of your right to appear and to contest the allegations of the complaint and shall authorize the Commission, without further notice to you, to find the facts to be as alleged in the complaint and to enter a final decision containing appropriate findings and conclusions, and a final order disposing of the proceeding.

5. Any other relief appropriate to correct or remedy the anticompetitive effects of the transaction or to restore NorthStar as a viable, independent competitor in the relevant service and geographic markets

IN WITNESS WHEREOF, the Federal Trade Commission has caused this complaint to be signed by its Secretary and its official seal to be hereto affixed, at Washington, D.C., this seventeenth day of December 2015.

By the Commission.

Donald S. Clark  
Secretary

SEAL: