

ANALYSIS OF AGREEMENT CONTAINING
CONSENT ORDERS TO AID PUBLIC COMMENT
In the Matter of Air Medical Group Holdings, Inc., KKR North America
Fund XI (AMG) LLC, and AMR Holdco, Inc.
File No. 1710217, Docket No. C-4642

I. Introduction

The Federal Trade Commission (“Commission”) has accepted, subject to final approval,

III. The Proposed Acquisition

Under an agreement executed on August 7, 2017, AMGH will acquire 100 percent of the voting stock of AMR in a deal valued at approximately \$2.4 billion.

The Commission's Complaint alleges that the Acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, by substantially lessening competition in the provision of inter-facility air ambulance transport services in Hawaii.

IV. The Relevant Market and Structure of the Markets

The Commission's Complaint alleges that the relevant product market in which to analyze the Acquisition is the provision of inter-facility air ambulance transport services. These services consist of air ambulance services that transfer patients between medical facilities on different islands, including from medical facilities with low acuity or limited patient treatment capabilities to those that can provide the appropriate medical and surgical care. The Commission's Complaint alleges that the relevant geographic market in which to analyze the effects of the Acquisition is the State of Hawaii.

The Commission's Complaint alleges that the Acquisition will increase concentration in an already highly concentrated market. AMGH and AMR are the only two providers of inter-facility air ambulance transport services in Hawaii.

V. Effects of the Transaction

According to the Commission, the effect of the Acquisition, if consummated, may be substantially to lessen competition and tend to create a monopoly in inter-facility air ambulance transport services and increase the likelihood of the unilateral exercise of market power. The Acquisition would increase the likelihood that consumers, third-party payers, or government health care providers would be forced to pay higher prices or experience degradation in service or quality.

VI. Entry Conditions

The Commission's Complaint alleges that entry into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition.

VII. The Proposed Consent Agreement

The proposed Consent Agreement remedies the anticompetitive concerns raised by the Acquisition by requiring AMR to sell its interfacility air ambulance transport services business including the assets that support that business, to AIRMD, LLC, dba LifeTeam. LifeTeam is a large, established company with experience in the industry. LifeTeam is also the current operator of the FAA certified aircraft used by AMR for interfacility air ambulance transport services in Hawaii, and thus very familiar with AMR's assets and operations in Hawaii. Under the proposed Consent Agreement, AMR will divest to LifeTeam the four fixed wing aircraft it uses to fly patients interisland, support LifeTeam's application for a Certificate of Need with the State of Hawaii to operate ground ambulances and offer LifeTeam the option to purchase up to four ground ambulances from AMR. LifeTeam would use the ground ambulances to support its air ambulance transport service to transfer patients to and from medical facilities and the aircraft it operates.

The proposed Consent Agreement also contains an Order to Maintain Assets that will issue at the time the proposed Consent Agreement is accepted for public comment. The Order to Maintain Assets requires Respondents to operate and maintain the divestiture assets in the normal course of business through the date that the Respondents complete divestiture of the assets, thereby maintaining the economic viability, marketability, and competitiveness of the assets. The Order to Maintain Assets also authorizes the Commission to appoint an independent third party as a monitor to oversee the Respondents' compliance with the requirements of the proposed Consent Agreement.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and the Commission does not intend this analysis to constitute an official interpretation of the proposed Consent Agreement or to modify its terms in any way.