

Statement of the Federal Trade Commission
Concerning the Proposed Affiliation of CareGroup, Inc.; Lahey Health System, Inc.;
Seacoast Regional Health System, Inc.; BIDCO Hospital LLC; and BIDCO Physician LLC
FTC File No. 171-0118
November 29, 2018

The Commission has voted to close its investigation of a proposed transaction that would bring together general acute care hospitals, a psychiatric hospital, and physicians in Massachusetts. Consistent with the Commission's longstanding commitment of closely reviewing mergers in the healthcare sector, the Commission staff conducted a comprehensive investigation of the proposed transaction. Our decision to close this matter was not an easy one. But after careful consideration, the Commission has decided not to challenge the proposed transaction at this time.

CareGroup, Inc. (the parent company of Beth Israel Deaconess Medical Center, Inc., Mount Auburn Hospital, and New England Baptist Hospital) proposes to combine with Lahey Health System, Inc.; Seacoast Regional Health System, Inc.; BIDCO Hospital LLC; and BIDCO Physician LLC. Commission staff worked closely with Massachusetts Attorney General ("AG") staff during the investigation to determine whether the proposed transaction would likely substantially lessen competition in any relevant market and thereby violate Section 7 of the Clayton Act. The Massachusetts Health Policy Commission, an expert body, also conducted an independent review of the proposed transaction under Massachusetts state law and referred its findings to the Massachusetts AG.

Today, the Massachusetts AG announced a settlement agreement with the parties. The settlement addresses issues related to healthcare access and includes certain price caps over a period of seven years. The Commission does not typically pursue behavioral remedies, such as price caps, in merger cases. We recognize, however, that this settlement seeks to satisfy two goals of critical importance to the Massachusetts AG: first, to preserve access to health care for underserved populations in Massachusetts; and second, to limit price increases for Massachusetts health care consumers.

The assessment of whether to take enforcement action was a close call. However, based on Commission staff's work and input from the public, we have concluded that the proposed transaction is in the public interest. We used all the tools at our disposal to protect competition and consumers in the economy. We observe that this transaction may provide a good opportunity for a retrospective study of merger effects, including the effects of efficiencies. We will keep a watchful eye on this and other health care transactions and take appropriate action if needed.

We thank the Massachusetts AG and her staff for their excellent work. The extensive cooperation between our staff has been a textbook example of a partnership between state and federal agencies for the benefit of consumers.