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having reason to believe that Respondents Welsh, e o on WWdepon ɩ & Stowe XI, L.P. n

WCAS Management Corporation, WCAS Management, L.P., and WCAS Management, LLC (collectively ñWelsh Carsonò) have violated the provisions of the FTC Act and the Clayton Act, and it appearing to the Commission that a proceeding in respect thereof would be in the public

1. This action challenges a multi-year illega
Carson and its portfolio company U.S. Anes
anesthesia practices in Texas and increase

2. In 2012, Welsh Carson created USAP to exec
Welsh Carson sought to leverage the fact t
surgery; hospitals neeadn dt op aotfifeenrt sa,n etshtehiers ie

8. **Respondentsô general business practices are ñin or affecting commerceò within the meaning of 15 U.S.C. Å 45.**

Background

9. **Anesthesia is a type of medical treatment that prevents patients from feeling pain during procedures such as surgery or dental work. Unlike other areas of medical care, patients rarely choose their anesthesia providers. Instead, a patientôs chosen surgeon may select the anesthesia provider, or the anesthesia provider may be chosen randomly based on who is assigned to cover the operating room when a patientôs surgery occurs.**

10. **While certain hospitals directly employ anesthesia providers, many rely on independent anesthesiologists or anesthesia groups, such as USAP. Anesthesia groups often compete for exclusive hospital contracts. By definition, winning a hospitalôs exclusive contract is necessary to be able to perform anesthesia services at that hospital. Changing an anesthesia group is difficult and disruptive, and therefore rare.**

11.

7KLV ILUVW DFTXLVLWLRQ ZDV IROORZHG E\ D VHULHV
EHFDXVH WKH\ ZRXOG EH IROGHG LQWR 86$3¶V QHZO\
$QHVWKHVLRORJ\ ³SODWIRUP´ RSHUDWLRQ 86$3 ZRXOG
$QHVWKHVLRORJ\¶V KLJK UHLPEXUVHPHQW UDWHV WR

,Q $XJXVW   OHVV WKDQ D \HDU DIWHU DFTXLULQJ
ZDV DOUHDG\ ³ZRUNLQJ WR DGYDQFH GLVFXVVLRQV ZL
WKH QH[W VWHS LQ LWV UROO XS VFKHPH EHWZHHQ
ODUJHVW UHPDLQLQJ LQGHSHQGHQW DQHVWKHVLD JUR
$QHVWKHVLRORJ\ DQG 0HWUR:HVW $QHVWKHVLD &DUH

86$3¶V DFTXLVLWLRQV LQ +RXVWRQ OHIW ERWK KRVSL
DOWHUQDWLYHV WR 86$3 WR FRQVWUDLQ WKH JURXS¶V

86$3¶V UROO XS VWUDWHJ\ ZDV QRW FRQILQHG WR +R
$QHVWKHVLD &RQVXOWDQWV WKH ODUJHVW DQHVWKH
WKH VWDWH DW WKH WLPH 86$3 ZDV IRXQGHG 3LQQDF
VHUYLFHV LQ 'DOODV

%HWZHHQ   DQG   86$3 DFTXLUHG DW OHDVW VHY
$QHVWKHVLD &RQVXOWDQWV $QHVWKHVLD &RQVXOWDQ
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6XQGDQFH $QHVWKHVLD

86$3¶V DFTXLVLWLRQV LQ 'DOODV OHIW ERWK KRVSLWD
DOWHUQDWLYHV WR 86$3 WR FRQVWUDLQ WKH JURXS¶V

)ROORZLQJ LWV DFTXLVLWLRQ VSUHHV LQ +RXVWRQ DQ
SUDFWLFHV LQ RWKHU DUHDV RI 7H[DV LQFOXGLQJ EX
$QHVWKHVLRORJ\ $VVRFLDWHV LQ 7\OHU LQ -XQH   D
$XVWLQ 6DQ $QWRQLR DQG $PDULOOR

$QWLFRPSHWLWLYH $JUHHPHQWV

8SRQ LWV DFTXLVLWLRQ RI *UHDWHU +RXVWRQ $QHVWK
'DOODV $QHVWKHVLD $VVRFLDWHV DQG 7KH 0HWKRGLVW
ZKLFK *+$ ELOOHG IRU '$$ DQG 70+32 DW *+$ UDWHV XQ
QXPEHU 86$3 FRQWLQXHG WKHVH FRQWUDFWV IRU RYH
NQRZOHGJH 86$3 WKHQ DGRSWHG D VLPLODU DJUHHPH
LQ   ZKLFK KDV VLQFH HQGHG 8QGHU WKHVH SULFH
LWV RZQ KLJKHU SULFHV IRU VHUYLFHV UHQGHUHG E\
LQGHSHQGHQW

,Q DGGLWLRQ LQ FRQQHFWLRQ ZLWK LWV   DFTXLVL
86$3 DQG :HOVK &DUVRQ QHJRWLDWHG DQ DJUHHPHQW
(QYLVLRQ +HDOWKFDUH &RUS   ZKLFK UHTXLUHG (QYLV
'DOODV PDUNHW IRU KRVSLWDO RQO\ DQHVWKHVLD VHU
WLPHV (QYLVLRQ GLG QRW FRPSHWH LQ WKH 'DOODV

5HOHYDQW 0DUNHWV

7KH UHOHYDQW VHUYLFH PDUNHW WR DVVHVV WKH FKD
RQO\ DQHVWKHVLD VHUYLFHV VROG WR FRPPHUFLDO LQ
VHUYLFH PDUNHW HQFRPSDVVHV DOO LQSDWLHQW D
REVWHWULF DQHVWKHVLD SHUIRUPHG ZKLOH WKH SDWL
RWKHU DQHVWKHVLD VHUYLFHV WKDW PXVW EH SURYLG
SURFHGXUH VXEMHFWV WKH SDWLHQW WR DQ HOHYDWH
HPHUJHQF\ PHGLFDO VHUYLFHV

7KHUH DUH WZR UHOHYDQW JHRJUDSKLF PDUNHWV WR D
FKDOOHQJHG FRQGXFW WKH +RXVWRQ PHWURSROLW
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06$ LQVXUHUV PD\ VHHN RU WKUHDWHQ WR KRZHYHU H[FOXGH W
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ORFDWHG ZLWKLQ WKH VDPH 06$

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86$3 DQG :HOVK &DUVRQ¶V ³FRQVROLGDWLRQ VWUDWHJ
DQHVWKHVLD SUDFWLFHV LQ +RXVWRQ DQG 'DOODV ,Q
JHRJUDSK\ 86$3 FRQWUROOHG DERXW RI WKH FRP
PDUNHW LQ +RXVWRQ DQG 'DOODV PHDVXUHG E\ UHYH
RYHUDOO FRQFHQWUDWLRQ RI WZR FRQFHQWUDWHG PD
&DUVRQ¶V DFTXLVLWLRQ VWUDWHJ\ 86$3 DFFXPXODWH
LQVXUHG KRVSLWDO RQO\ DQHVWKHVLD PDUNHW LQ ER

'HVSLWH FKDUJLQJ WKH KLJKHVW UDWHV LQ +RXVWRQ D
PDUNHW VKDUH LQ +RXVWRQ DQG 'DOODV \HDU RYHU \H
$QHVWKHVLRORJ\ DQG 3LQQDFOH $QHVWKHVLD $VVRFLD
VLJQLILFDQWO\ DQG LW GLG QRW ORVH H[FOXVLYH FR
KRVSLWDO V\VWHPV

86$3 ZLHOGHG GXUDEOH SULFLQJ SRZHU LQ SDUW EHFD
SDWLHQWV XQGHUJRLQJ SURFHGXUHV UHTXLULQJ DQHV

+DUP WR &RQVXPHUV DQG &RPSHWLWLRQ

$V D UHVXOW RI :HOVK &DUVRQ DQG 86$3¶V UROO XS VW
QHDUO\ H[FOXVLYH FRQWUDFWV DW KRVSLWDOV WKURX
:LWK LWV LQFUHDVHG QHJRWLDWLQJ OHYHUDJH 86$3 V

RQO\ DQHVWKHVLD VHUYLFHV LQ +RXVWRQ 'DOODV DQ
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:HOVK &DUVRQ DQG 86$3 FDQQRW MXVWLI\ WKH VXEVWD
IURP WKHLU DFTXLVLWLRQV ZLWK YDOLG SURFRPSHWLW
QRW EH DFKLHYHG WKURXJK RWKHU PHDQV OHVV KDUPI

9LRODWLRQV &KDUJHG

7KH DOOHJDWLRQV LQ DOO WKH SDUDJUDSKV DERYH DU
DV WKRXJK IXOO\ VHW IRUWK KHUHLQ

86$3 DQG :HOVK &DUVRQ¶V DQWLFRPSHWLWLYH FRXUVH
PRQRSROL]DWLRQ LQ WKH FRPPHUFLDOO\ LQVXUHG KRV
+RXVWRQ DQG 'DOODV LQ YLRODWLRQ RI 6HFWLRQ RI
FRQVWLWXWHV DQ XQIDLU PHWKRG RI FRPSHWLWLRQ LQ
86& † D

86$3 DQG :HOVK &DUVRQ¶V FRQVSLUDF\ WR PRQRSROL]H
RQO\ DQHVWKHVLD VHUYLFHV PDUNHWV LQ +RXVWRQ DQ
$FW 86& † DQG WKXV FRQVWLWXWHV DQ XQIDLU
6HFWLRQ D RI WKH)7& $FW 86& † D

86$3 DQG :HOVK &DUVRQ¶V +RXVWRQ DQG 'DOODV DFTX
FRPSHWLWLRQ RU WHQGHG WR FUHDWH D PRQRSRO\ LQ
DQHVWKHVLD VHUYLFHV PDUNHWV LQ +RXVWRQ DQG 'D
&OD\WRQ $FW 86& † ZKHWKHU FRQVLGHUHG LQG
DFTXLVLWLRQV

86$3 DQG :HOVK &DUVRQ¶V SULFH VHWWLQJ DUUDQJHPH
YLRODWH 6HFWLRQ RI WKH 6KHUPDQ $FW DQG WKXV F
LQ YLRODWLRQ RI 6HFWLRQ D RI WKH)7& $FW 86

86$3 DQG :HOVK &DUVRQ¶V FRQGXFW WR UHGXFH FRPSH
KRVSLWDO RQO\ DQHVWKHVLD VHUYLFHV PDUNHWV LQ 7
FRPSHWLWLRQ LQ YLRODWLRQ RI 6HFWLRQ D RI WKH

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