



Office of the Secretary

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

April 19, 2011

Mr. David Murphy
State of Nevada

Re: *In the Matter of Alan B. Miller; Universal Health Services, Inc.; and Psychiatric Solutions, Inc., File No. 101 0142, Docket No. C-4309*

Dear Mr. Murphy:

Thank you for your comments regarding the proposed consent order accepted by the Federal Trade Commission for public comment in the above-captioned matter. The Commission has reviewed your comments in connection with its decision whether to accord final approval to the proposed consent order, and has placed your comments on the public record.

The concerns expressed in your letter focus on your belief that the settlement will result in the permanent closure of certain acute inpatient psychiatric facilities, and thereby harm consumers by raising health care costs. However, the proposed order does not require the closure of any psychiatric facilities. Rather, the order requires Universal Health Services, Inc. ("UHS") to divest four acute inpatient psychiatric hospitals and eleven related outpatient centers in three geographic markets: Delaware, Puerto Rico, and Las Vegas, Nevada. Absent this relief, the proposed acquisition likely would cause substantial anticompetitive harm by reducing UHS's incentive to improve quality of care and service at these facilities, and by enabling UHS to unilaterally increase the reimbursement rates negotiated with commercial health plans. These costs are ultimately passed on to consumers in the form of higher premiums, co-pays, and other out-of-pocket costs.

As previously mentioned, the proposed order remedies the anticompetitive effects of the acquisition by requiring UHS to sell the four facilities, as well as the related outpatient centers, to a Commission-approved buyer (or buyers), who will operate the facilities in direct competition with UHS, thus restoring the competition lost from the merger. The proposed order contains several provisions designed to ensure that the divestitures are successful. For example, under the proposed order, the Commission will evaluate the suitability of potential buyers to ensure that the competitive environment that would have existed but for the acquisition is replicated by the divestitures. Also under the proposed order, UHS is obligated to provide transitional services to the Commission-approved buyer(s) to facilitate a smooth transition of the facilities and related assets, and to ensure uninterrupted service during the transition. Further, the proposed order requires UHS to remove any contractual impediments that may deter the current managers and employees of the divestiture facilities from accepting offers of

employment from any Commission-approved buyer, and to obtain all consents necessary to transfer the divestiture assets.

For these reasons, the Commission has determined that the public interest would best be served by issuing the Decision and Order. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission's website at <http://www.ftc.gov>.

It helps the Commission's analysis to hear from a variety of sources in its work on antitrust and consumer protection issues, and we appreciate your interest in this matter.

By the Commission.

Donald S. Clark
Secretary