Statement of Bureau of Competition Director Richard Feinstein on the Abandonment by Providence Health & Services of its Plan to Acquire Spokane Cardiology and Heart Clinics Northwest in Spokane, Washington

On July 21, 2010, Providence Health & Services announced its intention to acquire Spokane Cardiology and Heart Clinics Northwest in non-reportable transactions. Providence planned to acquire the assets of each cardiology practice group and subsequently to employ all, or virtually all, of their affiliated physicians. Commission staff, in cooperation with staff in the Antitrust Division of the Washington Attorney General’s Office, conducted a thorough investigation of the likely competitive effects of the transactions. Commission staff expressed serious concerns to the parties regarding possible anticompetitive effects of the transactions that could increase health care costs in the Spokane area, in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18. On or about February 18, 2011, the parties abandoned the transactions. Accordingly, the Commission voted to close its investigation.

The Bureau of Competition recognizes that physicians across the country are exploring a variety of new business arrangements as part of an effort to achieve cost containment and quality objectives. Some of the new business arrangements include consolidating with other same-specialty or multi-specialty physician groups, entering into employment arrangements with hospitals, and forming other affiliations. Such arrangements have the potential to generate cost savings and quality benefits for patients. However, in some cases, such arrangements can create highly concentrated markets that may harm consumers through higher prices or lower quality of care. As is reflected by this investigation and its resolution, the Commission will aggressively enforce the antitrust laws to ensure that consolidation among health care providers will not increase health care costs in local communities across the United States.