

IN THE MATTER OF

HOSPITAL CORPORATION OF AMERICA

FINAL ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

Docket 9161. Complaint, July 30, 1982—Final Order, Oct. 25, 1985

This final order requires the nation's largest for-profit hospital chain, based in Nashville, Tenn., to divest North Park Hospital and Diagnostic Center Hospital, both in Hamilton County, Tenn., and any medical office buildings associated with the hospitals. The divestitures must be to different acquirers and obtain Commission approval. Respondent is also required to terminate its management contract with Downtown General Hospital, also in Hamilton County, and divest related real estate to a Commission-approved acquirer. Further, respondent is required to obtain FTC approval for any future acquisitions of certain hospitals in the Chattanooga, Tenn., area or any hospital meeting conditions specified in the order.

Appearances

For the Commission: *M. Elizabeth Gee, Toby G. Singer, Garry R. Gibbs, Oscar M. Voss and Erika Wodinsky.*

For the respondents: *Peter J. Nickles, William D. Iverson, K. Gregory Tucker and Michael A. Roth, Covington & Burling, Washington, D.C. and Margaret C. Mazzone, John W. Wade, Jr., Donald W. Fish and Jean L. Byassee, in-house counsel, Nashville, Tenn.*

COMPLAINT

The Federal Trade Commission having reason to believe that Hospital Corporation of America, a corporation subject to the jurisdiction of the Commission, has acquired the stock or assets of corporations subject to the jurisdiction of the Commission, hereinafter described, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and having further reason to believe that respondent has engaged in unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint pursuant to the provisions of Section 11 of the aforesaid Clayton Act, as amended, 15 U.S.C. 21, and Section 5(b) of the Federal Trade Commission Act, as amended, 15 U.S.C. 45(b), stating its charges as follows:

I. DEFINITIONS

1. For the purposes of this complaint, the following definitions shall apply:

(a) *Acute care hospital*, hereinafter sometimes referred to as *hospital*, means an inpatient facility that furnishes care in connection with services of physicians for conditions for which nursing, medical or surgical services would be appropriate for care, diagnosis, or treatment, not including a facility specially intended for use in treatment of mental illness, emotional disturbance or substance abuse.

(b) The *Health Service Area*, hereinafter referred to as *HSA*, means the 13-county area encompassing the southeastern Tennessee counties of Hamilton, Bradley, [2] Marion, Sequatchie, Rhea, Meigs, McMinn, Bledsoe, Grundy and Polk, and the northern Georgia counties of Catoosa, Dade and Walker.

(c) *Hamilton County* means Hamilton County, Tennessee, the county in which the city of Chattanooga is located.

(d) The *Chattanooga Standard Metropolitan Statistical Area*, hereinafter referred to as *SMSA*, means the federally designated six-county area encompassing the southeastern Tennessee counties of Hamilton, Marion and Sequatchie, and the northern Georgia counties of Catoosa, Dade and Walker.

(e) A *managed hospital* means a hospital in which the owner (individual, corporate or public body) has contracted with a management company for that company to be responsible for the day-to-day operations of the hospital.

II. THE RESPONDENT

2. Respondent Hospital Corporation of America, hereinafter "HCA" or "respondent," is a corporation organized and existing under the laws of the State of Tennessee, with its principal executive offices at One Park Plaza, Nashville, Tennessee.

3. HCA is primarily engaged in the operation and management of proprietary hospitals in the United States and in foreign countries. It is the largest proprietary hospital chain in the United States and owns and operates acute care hospitals and psychiatric hospitals in 41 states throughout the country, including Tennessee. In HCA's Fiscal Year 1981, it had total revenues of approximately \$2.3 billion in connection with these hospitals.

4. At all times relevant herein, the respondent has been and is now engaged in or affecting commerce within the meaning of Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business is in or affects commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. HCA

does business in a number of states and foreign countries. HCA and its hospitals in Hamilton County, the SMSA and the HSA, among other things: [3]

(a) purchase substantial amounts of supplies, equipment and medicines in interstate commerce from sources outside of the State of Tennessee;

(b) receive substantial revenues in interstate commerce from private and governmental insurers located outside of the State of Tennessee; and

(c) treat a substantial number of patients who travel from or reside outside the State of Tennessee.

5. Until the acquisitions described in Section III below, HCA owned only one acute care hospital, Parkridge Hospital, in Hamilton County and the SMSA and only three acute care hospitals, Parkridge Hospital, Athens Community Hospital and Cleveland Community Hospital, in the HSA. Until the acquisitions described in Section III below, HCA's psychiatric facilities in the HSA consisted only of one psychiatric unit in an acute care hospital, Cleveland Community Hospital.

III. THE ACQUISITIONS

Hospital Affiliates International, Inc.

6. On August 26, 1981, HCA purchased Hospital Affiliates International, Inc. ("HAI"). In consideration thereof, HAI's parent corporation received approximately \$425 million in cash and approximately \$225 million in HCA voting stock.

7. Prior to its acquisition by HCA, HAI was a wholly owned subsidiary of INA Health Care Group, a wholly owned subsidiary of INA Corporation. HAI was a corporation organized and existing under the laws of Delaware, with its executive offices in Tennessee. HAI owned, operated, and managed acute care hospitals and psychiatric hospitals in 33 states and several foreign countries. For its Fiscal Year 1980, HAI's revenues derived from its acute care and psychiatric hospitals were over \$513 million. HAI owned or managed three hospitals in Hamilton County: it owned Diagnostic Hospital; it managed Downtown General Hospital and Red Bank Community Hospital. HAI owned or managed five hospitals in the SMSA and the HSA: it owned Diagnostic Hospital and Sequatchie General Hospital; it managed Downtown General Hospital, Red Bank Community Hospital and South Pittsburg Municipal Hospital.

8. At all times relevant herein, HAI was engaged in or affecting commerce within the meaning of Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and was a corporation whose business was in or affecting commerce within the meaning of Section 5 of the Federal

Trade Commission Act, as amended, 15 [4] U.S.C. 45. HAI did business in a number of states and foreign countries. HAI and its hospitals in Hamilton County, the SMSA and the HSA, among other things:

(a) purchased substantial amounts of supplies, equipment and medicines in interstate commerce from sources outside of the State of Tennessee;

(b) received substantial revenues in interstate commerce from private and governmental insurers located outside of the State of Tennessee; and

(c) treated a substantial number of patients who travel from or reside outside the State of Tennessee.

Health Care Corporation

9. On December 11, 1981, HCA purchased Health Care Corporation ("HCC"), for which it paid HCC's owners approximately \$30 million, including approximately \$20 million in HCA stock, and assumption of approximately \$10 million of HCC liabilities. HCC became a wholly owned subsidiary of HCA.

10. Prior to its acquisition by HCA, HCC was a corporation organized and existing under the laws of Tennessee, with its executive offices in Chattanooga, Tennessee. HCC owned or managed acute care and psychiatric hospitals in three states. In Hamilton County, the SMSA and the HSA, HCC owned one acute care hospital, Medical Park Hospital, and one psychiatric facility, Valley Psychiatric Hospital. In 1980, HCC's gross revenues from its operations were approximately \$9.8 million.

11. At all times relevant herein, HCC was engaged in or affecting commerce within the meaning of Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and was a corporation whose business was in or affecting commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. HCC did business in at least three states. HCC and its hospitals in Hamilton County, the SMSA and the HSA, among other things:

(a) purchased substantial amounts of supplies, equipment and medicines in interstate commerce from sources outside of the State of Tennessee;

(b) received substantial revenues in interstate commerce from private and governmental insurers located outside of the State of Tennessee; and [5]

(c) treated a substantial number of patients who travel from or reside outside the State of Tennessee.

IV. COUNT I: ACUTE CARE HOSPITAL SERVICES MARKET

Trade and Commerce

12. For purposes of this complaint and this count, the relevant product market is acute care hospital services, or any submarkets thereof, excluding psychiatric services,

13. For purposes of this complaint and this count, the relevant geographic market is Hamilton County, the SMSA, or the HSA or any submarkets thereof.

14. Prior to the acquisitions of HAI and HCC, the acute care hospital services market in the geographic market was concentrated. Two-firm concentration was approximately 57–59% in Hamilton County, approximately 46–49% in the SMSA, and approximately 40–42% in the HSA. Four-firm concentration was approximately 84–88% in Hamilton County, approximately 75–78% in the SMSA, and approximately 65–68% in the HSA.

15. Barriers to entry are high in the acute care hospital services market in Hamilton County, in the SMSA and in the HSA. These barriers include, among others, substantial capital costs, and the health planning laws, especially given the number of existing beds in the geographic market.

Effects of the Acquisitions

16. As a result of its acquisition of HAI, HCA increased its market share of acute care hospital services in Hamilton County from approximately 16–18% to approximately 27–29%, in the SMSA from approximately 13–15% to approximately 28–30%, and in the HSA from approximately 16–17% to approximately 28–30%. Two-firm concentration increased in Hamilton County from approximately 57–59% to approximately 65–66%, in the SMSA from approximately 46–49% to approximately 59–61%, and in the HSA from approximately 40–42% to approximately 53–54%. Four-firm concentration increased in Hamilton County from approximately 84–88% to approximately 91–95%, in the SMSA from approximately 75–78% to approximately 85–90%, and in the HSA from approximately 65–68% to approximately 73–78%.

17. As a result of its acquisition of HCC, HCA increased its market share of acute care hospital services in Hamilton County from approximately 27–29% to approximately 31–32%, in the SMSA from approximately 28–30% to approximately 32–33%, and in the HSA from approximately 28–30% to approximately 30–32%. Two-firm [6] concentration increased in Hamilton County from approximately 65–66% to approximately 69–71%, in the SMSA from approximately 59–61% to approximately 62–64%, and in the HSA from approxi-

mately 53-54% to approximately 55-56%. Four-firm concentration increased in Hamilton County from approximately 91-95% to approximately 96-98%, in the SMSA from approximately 85-90% to approximately 88-93%, and in the HSA from approximately 73-78% to approximately 75-80%.

18. Through its acquisitions of HAI and HCC, HCA acquired direct and actual competitors in the market for acute care hospital services in Hamilton County, in the SMSA and in the HSA.

19. The effects of the HAI and HCC acquisitions by HCA, individually and together, may be substantially to lessen competition or tend to create a monopoly in the relevant product and geographic market in the following ways, among others:

- (a) actual and potential competition has been eliminated among some acute care hospitals;
- (b) concentration in the market has been substantially increased;
- (c) patients and physicians may be denied the benefits of free and open competition based on price, quality, and service;
- (d) competition among hospitals for patients and physicians may be substantially impaired;
- (e) competition among some hospitals for patient referrals may be diminished or eliminated;
- (f) Medicaid patients may be foreclosed from use of some hospitals now controlled by HCA; and
- (g) collusion or artificial price increases may be facilitated, and the risk of collusion will be aggravated.

Violation Charged

20. The acquisitions of HAI and HCC, individually and together, violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. [7]

V. COUNT II: PSYCHIATRIC SERVICES MARKET

Trade and Commerce

21. For purposes of this complaint and this count, the relevant product market is inpatient psychiatric treatment services excluding substance abuse treatment services and long-term treatment of chronic mental illness, hereinafter "psychiatric services," or submarkets thereof.

22. For purposes of this complaint and this count, the relevant geographic market is the HSA.

23. Prior to the HCC acquisition the market was highly concentrated with a two firm concentration ratio of 93% and a three firm con-

centration ratio of 100%. There were only two private firms in the market providing psychiatric services.

24. Barriers to entry are high in the market. These barriers include, among others, substantial capital costs and the health planning laws, especially given the number of existing beds in the market.

Effects of the HCC Acquisition

25. As a result of HCA's acquisition of HCC, HCA has increased its share of the market for psychiatric services in the HSA from approximately 7% to approximately 38%. Two-firm concentration is now 100%, and there is now only one private firm in the market providing psychiatric services.

26. Through its acquisition of HCC, HCA has acquired a direct and actual competitor in the market.

27. The effects of the acquisition of HCC by HCA may be substantially to lessen competition or tend to create a monopoly in the relevant product and geographic market in the following ways, among others:

(a) actual and potential competition between HCA and HCC in the provision of psychiatric services has been eliminated;

(b) concentration in the market has been substantially increased;

(c) patients and physicians may be denied the benefits of free and open competition among psychiatric facilities based on price, quality and service; and [8]

(d) HCA may have secured the power to raise prices, and its incentives to provide high quality psychiatric treatment services may be reduced.

Violation Charged

28. The acquisition of HCC constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

INITIAL DECISION BY

LEWIS F. PARKER, ADMINISTRATIVE LAW JUDGE

OCTOBER 30, 1984

I. HISTORY OF THE PROCEEDING

On July 30, 1982, the Federal Trade Commission issued a complaint charging that Hospital Corporation of America ("HCA") had violated Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, by purchasing two corporations, Hospital Affiliates International, Inc. ("HAI") and Health Care Corporation ("HCC").

According to the complaint, HCA, a Tennessee corporation, is the largest operator and manager of acute care and psychiatric hospitals in the United States. Prior to their acquisitions by HCA, HAI and HCC also owned, operated and managed acute care and psychiatric hospitals in several states of the United States, but the complaint challenges only the acquisitions of hospitals or contracts to manage hospitals within: (1) the "Health Service Area," a 13-county area in southeastern Tennessee and northern Georgia; (2) Hamilton County, the county in which the city of [2] Chattanooga, Tennessee is located; (3) the Chattanooga Standard Metropolitan Statistical Area ("SMSA"); and (4) any submarkets within these markets.

Count I of the complaint defines the relevant product market as acute care hospital services, or any submarkets thereof, excluding psychiatric services. The alleged relevant geographic markets are described above.

Count II of the complaint defines the relevant product market as inpatient psychiatric treatment services excluding substance abuse treatment services and long-term treatment of chronic mental illness, or submarkets thereof. The relevant geographic market in Count II is claimed to be the HSA.

Count I alleges that as a result of the challenged acquisitions, HCA acquired direct and actual competitors in the acute care hospital services market in Hamilton County, the SMSA and the HSA or submarkets thereof and that the effect of these acquisitions in the relevant product and geographic markets may be substantially to lessen competition or tend to create a monopoly in the following ways:

(a) actual and potential competition has been eliminated among some acute care hospitals;

- (c) patients and physicians may be denied the benefits of free and open competition based on price, quality, and service;
- (d) competition among hospitals for patients and physicians may be substantially impaired;
- (e) competition among some hospitals for patient referrals may be diminished or eliminated;
- (f) Medicaid patients may be foreclosed from use of some hospitals now controlled by HCA; and
- (g) collusion or artificial price increases may be facilitated, and the risk of collusion will be aggravated.

Count II alleges that as a result of its acquisition of HCC, HCA acquired a direct and actual competitor in the psychiatric services market and that the effect of the acquisition may be substantially to lessen competition or tend to create a monopoly in the relevant product and geographic market in the following ways: [3]

- (a) actual and potential competition between HCA and HCC in the provision of psychiatric services has been eliminated;
- (b) concentration in the market has been substantially increased;
- (c) patients and physicians may be denied the benefits of free and open competition among psychiatric facilities based on price, quality and service; and
- (d) HCA may have secured the power to raise prices, and its incentive to provide high quality psychiatric treatment may be reduced.

The relief sought in the complaint is an order:

- (a) Divesting in whole or in part the assets and contracts acquired by HCA from the HAI and HCC acquisitions in the market, so as to form independent viable entities;
- (b) Prohibiting HCA in some or all markets from making any future acquisition of any acute care hospital or psychiatric facility, or any contract for the management thereof, in competition with any other hospital it owns or manages, without prior Commission approval, for a period of years;
- (c) Requiring HCA to file compliance reports with the Commission and to give prior notice of any changes in corporate form or organization which would affect compliance obligations under the order entered; and
- (d) Containing other provisions reasonable and appropriate to correct or remedy the alleged anticompetitive practices engaged in by HCA.

On June 9, 1983, upon motion of complaint counsel who asserted that the possible relief for the violation alleged in Count II would not justify the expenditure of resources necessary fully to litigate the

issues raised by it, I dismissed that count. Thus, this initial decision deals only with the factual and legal issues raised in Count I. [4]

After extensive discovery, hearings began in Washington, D.C. on November 28, 1983, continued in Chattanooga, Tennessee, and concluded in Washington on May 31, 1984. The record was not closed, however, until July 13, 1984 because the parties offered some documents into evidence in subsequent written motions. The parties filed their proposed findings of fact, conclusions of law and proposed orders on July 23, 1984. Answers were filed on August 6, 1984. At my request, the Commission granted me an extension of time to November 5, 1984 to file this initial decision.

This decision is based on the transcript of testimony, the exhibits which I received in evidence, and the proposed findings of fact and answers thereto filed by the parties. I have adopted several of the proposed findings verbatim. Others have been adopted in substance. All other findings are rejected either because they are not supported by the record or because they are irrelevant.

II. FINDINGS OF FACT

A. *The Nature of HCA's Business*

1. HCA is a corporation organized and existing under the laws of the State of Tennessee, with its principal executive offices at One Park Plaza, Nashville, Tennessee (Cplt. ¶ 2; Ans. ¶ 2).¹ HCA is primarily engaged in the operation and management [5] of proprietary acute care and psychiatric hospitals² in the United States and in several foreign countries, both for its own account and for other owners (Ans. ¶ 3). It is the largest proprietary hospital chain in the United States (Cplt. ¶ 3; Ans. ¶ 3; CX's 427N, 13D).

2. HCA was founded in 1968 by Jack C. Massey, Thomas Frist, M.D. and Thomas Frist, Jr., M.D. with one health care facility in Nashville, Tennessee (CX 9A). By 1973, HCA owned 51 hospitals (CX 9A), and

¹ The following abbreviations are used in this decision:

- CX - Commission exhibit
- RX - Respondent's exhibit
- CPF - Section number and finding in complaint counsel's proposed findings of fact
- CB - Complaint counsel's brief in support of their findings of fact
- CAB - Complaint counsel's answering brief
- RPF - Respondent's proposed findings of fact
- RB - Respondent's brief in support of its findings of fact
- RAB - Respondent's answering brief
- F - Finding number in this decision
- Cplt. - Complaint
- Ans. - Answer

² The complaint defines an acute care hospital as an inpatient facility that furnishes care in connection with services of physicians for conditions for which nursing, medical or surgical services would be appropriate for care, diagnosis, or treatment, not including a facility specially intended for use in treatment of mental illness, emotional

by 1978, it owned or managed under contract 100 hospitals and had grown to 28,000 employees with more than 5,000 shareholders (CX 9B). From 1978 through 1982, HCA increased the number of hospitals it owned and managed by more than 200%. Approximately 80% of this growth resulted from acquisitions (CX 13I). HCA operates 390 hospitals around the world (Tr. 3238), and it owns or leases approximately 200 hospitals and manages 170 in the United States (Tr. 3737; CX 13I).

3. Prior to HCA's acquisition of HAI and HCC, as of December 30, 1980, it owned 114 hospitals in the United States and provided management services to 56 hospitals in this country. In 1980, HCA had total assets worth \$1,610 million and had earned \$81 million on revenues of \$1,429 million (CX 8B, V).

4. Prior to the challenged acquisitions, HCA owned one hospital in Chattanooga, Parkridge Hospital, and two hospital facilities in outlying southeast Tennessee communities: Cleveland Community Hospital in Cleveland, Tennessee and Athens Community Hospital in Athens, Tennessee (Cplt. ¶ 5; Ans. ¶ 5; Stipulation, November 3, 1983).

B. *The Challenged Acquisitions*

1. The HAI Acquisition

5. HAI was a proprietary hospital management company organized and existing under the laws of the State of Delaware and was a wholly-owned subsidiary of INA Health Care Group, Inc. which was a wholly-owned subsidiary of INA Corporation, whose primary line of business is insurance (CX 272B). [6]

6. At the time of the acquisition in August 1981, HAI owned or leased 57 hospitals and managed 78 hospitals nationwide (CX's 6E, 8K). In 1980, it had total assets worth \$509 million and had earned \$29 million on revenues of \$704 million (CX 272K, M). In August 1981, HCA acquired HAI for approximately \$650 million in a stock transaction (Cplt. ¶ 6; Ans. ¶ 6; CX's 8Z-13, 13N, 535, p. 3).

2. HCA's Acquisition of HAI's Chattanooga Area Acute Care Hospitals

7. Prior to its acquisition by HCA, HAI owned or managed five acute care hospitals in the Chattanooga area, and HCA acquired ownership or management of these hospitals when it acquired HAI (Cplt. ¶ 7; Ans. ¶ 7). Three of the hospitals, Diagnostic (owned) Downtown (managed) and Red Bank (managed) are located in Chattanooga or its suburbs (CX's 50A, 51A, 56A, 27D). The other two, Sequatchie (owned) and South Pittsburg (managed) are located in counties adjacent to Hamilton County, the county in which Chattanooga is located.

3. The HCC Acquisition

8. At the time of the acquisition, HCC, a psychiatric hospital management company, owned three psychiatric hospitals located in Texas and Tennessee, and a single acute care hospital, Medical Park Hospital in Chattanooga (CX 10P, Z-3). In a December 1981 stock transaction, HCA acquired HCC for approximately \$30 million (Cplt. ¶ 9; Ans. ¶ 9).

4. HCA's Acquisition of HCC's Chattanooga Area Acute Care Hospital

9. Medical Park, which HCC owned, was an 83-bed general acute care hospital located in downtown Chattanooga (CX 10P, Z-3).

C. Acute Care Hospitals In Chattanooga And The Surrounding Area

1. The Chattanooga Area

10. The city of Chattanooga, Tennessee, situated in Hamilton County in southeast Tennessee on the state boundary with northwest Georgia (RX 1079 (3); CX 15, p. 14), has a population [7] of 170,000 according to the 1980 census (RX 920 (9)). Hamilton County has a population of approximately 288,000 (CX 15, p. 16). Chattanooga is the major city in two federally-designated geographic areas: the Metropolitan Statistical Area ("MSA") and the Georgia-Tennessee Health Service Area ("HSA").

11. An MSA is a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus (45 Fed. Reg. 956 (1980)). The Chattanooga MSA is a six-county area consisting of the Tennessee counties of Hamilton, Marion, and Sequatchie and the Georgia Counties of Walker, Dade, and Catoosa (CX's 484L, 32Z-118). It has a population of approximately 426,540 (CX 15, p. 16).

12. An HSA is the area designated by the Department of Health and Human Services as a region in which state and local health planners are to assess and identify the health needs of the population in that region (42 U.S.C. 3001(a) (1982)).

13. The HSA that includes Chattanooga is composed of thirteen counties: ten in southeastern Tennessee (Bledsoe, Bradley, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea, and Sequatchie counties) and three in northwest Georgia (Catoosa, Dade, and Walker counties) (CX 15, p. 1). In 1980, it had a population of approximately 604,498 (CX 15, p. 16).

14. Other cities in the area surrounding Chattanooga include Dal-

a 1980 population of approximately 21,000 (RX 921 (7); Tr. 3296). Dalton is approximately 40 minutes southeast of downtown Chattanooga on Interstate 75 South (RX's 1030 (3); 1089).

15. Cleveland, situated in Bradley County, Tennessee, approximately 40 minutes northeast of downtown Chattanooga on Interstate 24 East (RX's 1030 (2-3), 1089), is an industrialized community with a 1980 population of approximately 26,000 (RX 920 (4); Tr. 3296).

16. South Pittsburg, in Marion County, Tennessee, is on the Tennessee-Alabama state boundary west of downtown Chattanooga across the Tennessee River (RX 1079 (3)). South Pittsburg is approximately 40 minutes from downtown Chattanooga (RX's 1030 (3), 1089). The 1980 population of South Pittsburg was approximately 3,600 (RX 920 (6)).

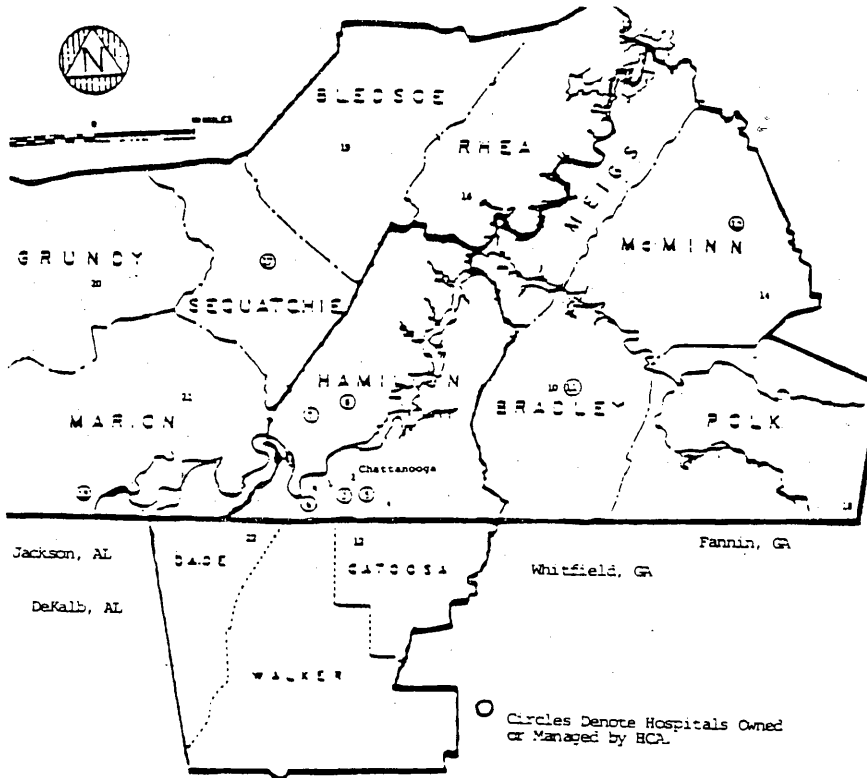
17. Dunlap, in Sequatchie County, Tennessee, is approximately 45 minutes from downtown Chattanooga over Signal Mountain and Walden Ridge (RX's 1030 (4), 1089; CX 15, p. 14). The population of Dunlap in 1980 was approximately 3,700 (RX 920 (8)) [8].

18. Whitwell, in Marion County, is approximately 40 minutes west of downtown Chattanooga over Suck Creek Mountain (RX's 1030 (4-5), 1089, 1079 (3)). The 1980 census for Whitwell showed a population of approximately 1,800 (RX 920 (6)).

19. The largest community in the Tennessee counties of Grundy, Bledsoe, Rhea, Meigs, McMinn and Polk is Athens with a 1980 population of approximately 12,000 (RX 920 (4-8)). Athens is situated just off Interstate 24, north of Cleveland, approximately halfway between Chattanooga and Knoxville (Tr. 282). Dayton, Tennessee in Rhea County had a 1980 population of approximately 6,000 (RX 920 (8)).

2. Hospitals In The Chattanooga HSA

20. The map on the following page shows the approximate locations of the hospitals in the Chattanooga HSA. [9]



Numbers Show the Locations of the Following Hospitals Within Counties in Tennessee and Georgia:

- | | |
|--------------------------------------|--|
| 1. Erlanger Medical Center | 17. John L. Hutcheson Memorial Tri-County Hospital |
| 2. Memorial Hospital | 18. Athens Community Hospital |
| 3. Parkridge Hospital | 19. Woods Memorial Hospital |
| 4. East Ridge Community Hospital | 20. South Pittsburg Municipal Hospital |
| 5. Diagnostic Center Hospital | 21. Rhea County Medical Center |
| 6. Downtown General Hospital | 22. Sequatchie General Hospital |
| 7. Red Bank Community Hospital | 23. Copper Basin Medical Center |
| 8. North Park Hospital | 24. Bledsoe County Hospital |
| 9. Metropolitan Hospital | 25. Grundy County General Hospital |
| 10. Bradley County Memorial Hospital | 26. Whitwell Hospital |
| 11. Cleveland Community Hospital | 27. Wildwood Sanitarium |

