

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS: Edith Ramirez, Chairwoman  
Julie Brill  
Maureen K. Ohlhausen  
Terrell McSweeney**

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| <b>In the Matter of</b>             |                      | ) |
|                                     |                      | ) |
| <b>RANGERS RENAL HOLDING, LP,</b>   |                      | ) |
| <b>a partnership,</b>               |                      | ) |
|                                     |                      | ) |
| <b>US RENAL CARE, Inc.</b>          |                      | ) |
| <b>a corporation,</b>               | <b>Docket C-4570</b> | ) |
|                                     |                      | ) |
| <b>and</b>                          |                      | ) |
|                                     |                      | ) |
| <b>DIALYSIS PARENT, LLC</b>         |                      | ) |
| <b>a limited liability company,</b> |                      | ) |
|                                     |                      | ) |
| <b>and</b>                          |                      | ) |
|                                     |                      | ) |
| <b>DIALYSIS HoldCo, LLC.</b>        |                      | ) |
| <b>a limited liability company.</b> |                      | ) |
| <hr/>                               |                      | ) |

**COMPLAINT**

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that the Respondent Rangers Renal Holdings LP (“Rangers Holdings”), a company subject to the jurisdiction of the Commission, has entered into an agreement to acquire Dialysis Parent, LLC (“Dialysis Parent”), a company subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; that such acquisition, if consummated, would violate Section 7 of the of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

## **I. DEFINITIONS**

1. “Dialysis” means the filtering of a person’s blood, inside or outside of the body, to replicate the functions of the kidney.
2. “ESRD” means end stage renal disease, a chronic disease characterized by a near total loss of function of the kidneys, which in healthy people remove toxins and excess fluid from the blood.
3. “Outpatient dialysis services” means all procedures and services related to administering chronic dialysis treatment.

## **II. RESPONDENTS**

4. Respondent Rangers Holdings is a limited partnership organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, CA 90025. Rangers Holdings is the parent of US Renal Care, Inc. (“USRC”), a Delaware corporation, with its office and principal place of business located at 2400 Dallas Parkway, Suite 350, Plano, TX 75093. Respondent Rangers Holdings, among other things, is engaged in the provision and sale of outpatient dialysis services as USRC.
5. Respondent Dialysis Parent, LLC (“Dialysis Parent”) is a limited liability company organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 601 Union Street, Suite 3100, Seattle, WA 98101. Dialysis Parent, among other things, is engaged in the provision and sale of outpatient dialysis services as DSI Renal (“DSI”).
6. Respondent Dialysis HoldCo, LLC is a limited liability company organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its corporate head office located at 424 Church Street, Suite 1900, Nashville, TN 37219. Dialysis HoldCo, LLC is a wholly owned subsidiary of Dialysis Parent, LLC.
7. Each Respondent is, and at all times herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

### **III. THE PROPOSED ACQUISITION**

8. Pursuant to a Contribution Agreement between Rangers Holdings and Dialysis Parent dated August 21, 2015 (“Agreement”), Rangers Holdings will acquire all of the outstanding membership interests in Dialysis HoldCo, LLC, and, in exchange, Dialysis Parent will receive approximately 44% of the membership interests in Rangers Holdings in a transaction valued at approximately \$640 million (the “Acquisition”).

### **IV. THE RELEVANT MARKET**

9. For the purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is the provision of outpatient dialysis services. Most ESRD patients receive dialysis treatments three times per week in sessions lasting between three and five hours while some patients receive treatment at home so they visit the clinic less frequently. ESRD is fatal if not treated with dialysis. The only alternative to outpatient dialysis treatments for patients suffering from ESRD is a kidney transplant. However, the wait time for donor kidneys, during which ESRD patients must receive dialysis treatments, can exceed three years. Additionally, many ESRD patients are not viable transplant candidates. As a result, many ESRD patients have no alternative to dialysis treatments.
10. The relevant geographic market for the provision of dialysis services is defined by the distance ESRD patients are willing and/or able to travel to receive dialysis treatments, and is thus local in nature. Because ESRD patients often suffer from multiple health problems and may require assistance traveling to and from the dialysis clinic, these patients are unwilling and/or unable to travel long distances to receive dialysis treatment. As a general rule, ESRD patients do not travel more than thirty miles or thirty minutes to receive dialysis treatment, although travel times and distances vary depending on geographic barriers, travel patterns, and whether an area is urban, suburban, or rural.
11. For the purposes of this Complaint, the geographic market within which to assess the competitive effects of the proposed merger is the area comprised of or within the Laredo, Texas core-based statistical area.

### **V. THE STRUCTURE OF THE MARKET**

12. The market for the provision of outpatient dialysis services is highly concentrated in the local area identified in Paragraph 11. The proposed acquisition would cause the number of providers to be reduced from three to two in the market, leaving only the combined firm and Fresenius Medical Care North America.
13. USRC and DSI are actual and substantial competitors in the relevant market.

## **VI. ENTRY CONDITIONS**

14. The most significant barrier to entry into the relevant market is engaging a nephrologist with an established referral base to serve as the clinic's medical director. By law, each dialysis clinic must have a nephrologist medical director. The medical director is also essential to the competitiveness of the clinic because he or she is the clinic's primary source of referrals. The lack of unaffiliated nephrologists with an established referral stream is a significant barrier to entry into the relevant geographic market identified in Paragraph 11. Additionally, an area must have a low penetration of dialysis clinics and a high ratio of commercial to Medicare patients to attract entry. The absence of these attributes is an additional barrier to entry into the relevant geographic market.
15. The Laredo area does not have available nephrologists or other attributes that would attract entry into the relevant market sufficient to deter or counteract the anticompetitive effects described in Paragraph 16.

## **VII. EFFECTS OF THE ACQUISITION**

16. The effects of the Acquisition, if consummated, may be substantially to lessen competition in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:
  - a. eliminating actual, direct, and substantial competition between USRC and DSI in the market for the provision of outpatient dialysis services;
  - b. increasing the ability of the merged entity unilaterally to raise prices for outpatient dialysis services; and
  - c. reducing incentives to improve service or quality in the relevant market.

## VIII. VIOLATIONS CHARGED

17. The Agreement described in Paragraph 8 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.
18. The Acquisition described in Paragraph 8, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

**WHEREFORE, THE PREMISES CONSIDERED**, the Federal Trade Commission on this seventeenth day of March, 2016, issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark  
Secretary

SEAL: