

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

COMMISSIONERS: **Maureen K. Ohlhausen, Acting Chairman**
Terrell McSweeney

In the Matter of:

AIR MEDICAL GROUP HOLDINGS, INC.
a corporation;

KKR North America Fund XI (AMG) LLC
a limited liability company,

and

AMR Holdco, Inc.,
a corporation.

DOCKET NUMBER C-4642

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Air Medical Group Holdings, Inc. has entered into a transaction with Respondent AMR Holdco, Inc.; that such transaction, if consummated, would violate 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; and that a proceeding in respect thereof would be in the public interest, hereby issues this Complaint, stating its charges as follows:

I. RESPONDENTS

AMGH

1. Respondent Air Medical Group Holdings, Inc. (“AMGH”) is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware, with its principal place of business located at 209 State Highway 121 Bypass, Suite 21, Lewisville, Texas 75067. Respondent AMGH’s ultimate parent company is KKR North America Fund XI (AMG) LLC, located c/o Kohlberg Kravis Roberts & Co. LP, 9 West 57th Street, Suite 4200, New York, New York 10019.

2. Respondent AMGH is one of the largest providers of air ambulance services in the United States, providing those services through a number of subsidiaries.

3. Respondent AMGH is, and at all times relevant 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 Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

4. Hawaii Life Flight Corporation (“HLF”) is a corporation organized, existing, and doing business under, and by virtue of, the laws of Hawaii, with its principal place of business located at 150 Lagoon Drive, Honolulu, Hawaii 96819. HLF is a subsidiary of Respondent AMGH and provides inter-facility air ambulance transport services in the State of Hawaii.

5. HLF is, and at all times relevant 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 Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

KKR North America Fund XI (AMG) LLC

6. Respondent KKR North America Fund XI (AMG) LLC (“KKR”), 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, c/o Kohlberg Kravis Roberts & Co. LP, at 9 West 57th Street, Suite 4200, New York, New York 10019. Respondent KKR is the ultimate parent company of Respondent AMGH.

7. Respondent KKR is, and at all times relevant 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 Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

AMR Holdco, Inc.

8. Respondent AMR Holdco, Inc. (“AMR”) is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware, with its principal place of business located at 6363 S. Fiddlers Green Circle, 14th Floor, Greenwood Village, Colorado 80111. Respondent AMR is a subsidiary of Envision Healthcare Corporation, a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware, with its principal place of business located at 6363 S. Fiddlers Green Circle, 14th Floor, Greenwood Village, Colorado 80111.

9. Respondent AMR is one of the largest providers of ground ambulance services in the United States, providing those services through a number of subsidiaries.

10. Respondent AMR operates American Medical Response (“AMRH”) in Hawaii. In addition to ground ambulance services, AMRH provides inter-facility air medical transport services in competition with HLF.

11. Respondent AMR and the corporate entities under its control are, and at all times relevant herein have been engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

12. Respondent AMGH entered into a Stock Purchase Agreement (“Acquisition Agreement”) with Respondent AMR, dated August 7, 2017, pursuant to which AMGH would acquire the stock of AMR. The Agreement’s total estimated dollar value was \$2.4 billion.

13. The Proposed Acquisition to be effected through the Acquisition Agreement is subject to 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.

III. THE RELEVANT MARKETS

14. The relevant product market in which to analyze the effects of the Proposed Acquisition is inter-facility air ambulance transport services. Inter-facility air ambulance transport services involve the provision of air transportation services from one medical facility to another for medical and surgical care.

15. The relevant geographic market in which to analyze the effects of the proposed Acquisition is the State of Hawaii. In Hawaii, inter-facility air ambulance transport services involve transporting patients from one island to another, generally to Oahu.

IV. MARKET STRUCTURE

16. In the State of Hawaii, the market for inter-facility air ambulance transport services is highly concentrated. AMGH and AMRH are currently the only providers of the relevant services, and the combined firm would become the only provider following the proposed acquisition. Thus, the proposed acquisition would substantially increase concentration.

V. ENTRY CONDITIONS

17. New entry or expansion by existing firms in adjacent businesses would not be likely, timely, and sufficient, to defeat a post-acquisition price increase. Inter-facility air ambulance transport services rely on reimbursement from third party payers, such as health maintenance organizations, preferred provider organizations, or government health care providers, such as the Veteran’s Administration. A new entrant would require a guarantee of a sufficient volume of referrals and payments from third party payers to justify the economic risk of new entry. Sufficient guarantees are unlikely in the face of a small but significant and non-transitory increase in price. As a result, de novo or sponsored entry is unlikely.

VI. EFFECTS OF THE MERGER

18. The effects of the Proposed Acquisition, if consummated, may be substantially to lessen competition and tend to create a monopoly 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, by increasing the likelihood that Respondent AMGH and its subsidiary HLF would unilaterally exercise market power in the relevant market to raise prices and lower quality.

VII. VIOLATIONS CHARGED

19. The Proposed Acquisition, if consummated, would violate 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.

20. The Acquisition Agreement entered into by Respondent AMGH and Respondent AMR constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its official seal affixed, at Washington, D.C., this sixth day of March, 2018, issues its complaint against Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: