

Office of the Attorney General

NEWSRELEASE

ATTORNEY GENERAL OF TEXAS GREG ABBOTT

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Attorney General Abbott Settles Restraint Of Trade Case With Memorial Hermann Healthcare System

Largest hospital system in Houston halts practices that shut out competitor

HOUSTON – Texas Attorney General Greg Abbott today filed an agreed injunction with the Harris County District Court that resolves the state’s antitrust investigation into Memorial Hermann Healthcare System. The investigation stemmed from allegations that Memorial Hermann unlawfully attempted to prevent other hospitals from successfully opening competitive healthcare institutions in the Houston area.

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Agreed Final Judgment with Memorial Hermann Healthcare System
Texas Attorney General's lawsuit against Memorial Hermann Healthcare System

In late 2005, Houston Town and Country Hospital and other physician-owned hospitals attempted to enter the market. According to antitrust complaints filed with the Office of the Attorney General, Memorial Hermann systematically discouraged health insurers from adding Town and Country to their insurance coverage networks. At the same time, Memorial Hermann used its leverage to punish health insurers that established contracts with Town and Country.

“Free and fair competition is the cornerstone of our free market system,” Attorney General Abbott said. “Today’s injunction will preserve healthy competition and will help ensure that Houston-area patients have more hospital choices. Open competition on the free market amongst providers will help improve care, lower prices, and foster greater choices for patients.”

Town and Country opened near Memorial Hermann’s Memorial City Hospital, which is close to the intersection of I-10 and the Sam Houston Tollway in West Houston. Because of Memorial Hermann’s conduct, Town and Country was unable to establish contracts with major health insurers in the Houston area. Town and Country went out of business in 2007. Memorial Hermann subsequently purchased the facilities from the Town and Country’s creditors.