



XAVIER BECERRA

Attorney General

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Attorney General Becerra Sues Sutter Health for Anti-competitive Practices that Increase Prices for California Families

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Friday, March 30, 2018

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Action against largest hospital system in Northern California seeks to restore competition in the healthcare market

SACRAMENTO — California Attorney General Xavier Becerra today announced the filing of a lawsuit against Sutter Health, the largest hospital system in Northern California, for anticompetitive practices that result in higher healthcare costs for Northern Californians. The action aims to stop Sutter Health from unlawful conduct under state antitrust laws and restore competition in the California healthcare market.

“Sutter Health is throwing its weight around in the healthcare market, engaging in illegal, anticompetitive pricing that hurts California families,” said **Attorney General Becerra**. “These tactics are risking Californians’ lives by driving up the cost of healthcare for everyone. Big business should not be able to throttle competition at the expense of patients. The California Department of Justice is dedicated to ensuring that all families in our state can access quality, affordable healthcare no matter where they live.”

The complaint alleges that Sutter Health engaged in anticompetitive behavior. These illegal practices resulted in higher prices for health care in Northern California by:

- Establishing, increasing and maintaining Sutter Health's power to control prices and exclude competition;
- Foreclosing price competition by Sutter Health’s competitors; and
- Enabling Sutter Health to impose prices for hospital healthcare services and ancillary products that far exceed the prices it would have been able to charge in an unconstrained, competitive market.

The complaint also alleges that the excess profits Sutter Health received from illegal pricing practices went toward waves of acquisitions, extreme levels of executive compensation, and financing its own insurance arm.

Sutter Health consists of at least 24 acute care hospital facilities, 31 ambulatory surgery centers, nine cancer centers, six specialty care centers, nine major physician organizations, 8,200 physicians and 48,000 employees located in 19 counties in Northern California. Sutter Health also negotiates contracts on behalf of a variety of other affiliated physician groups, the largest being the Palo Alto Medical Foundation.



In California, multi-county hospital systems have charged higher prices for their services than other providers. Earlier this week, Attorney General Becerra called for action in light of a new report by University of California Berkeley’s Petris Center on Health Care Markets and Consumer Welfare. The report documents how the rapid consolidation of

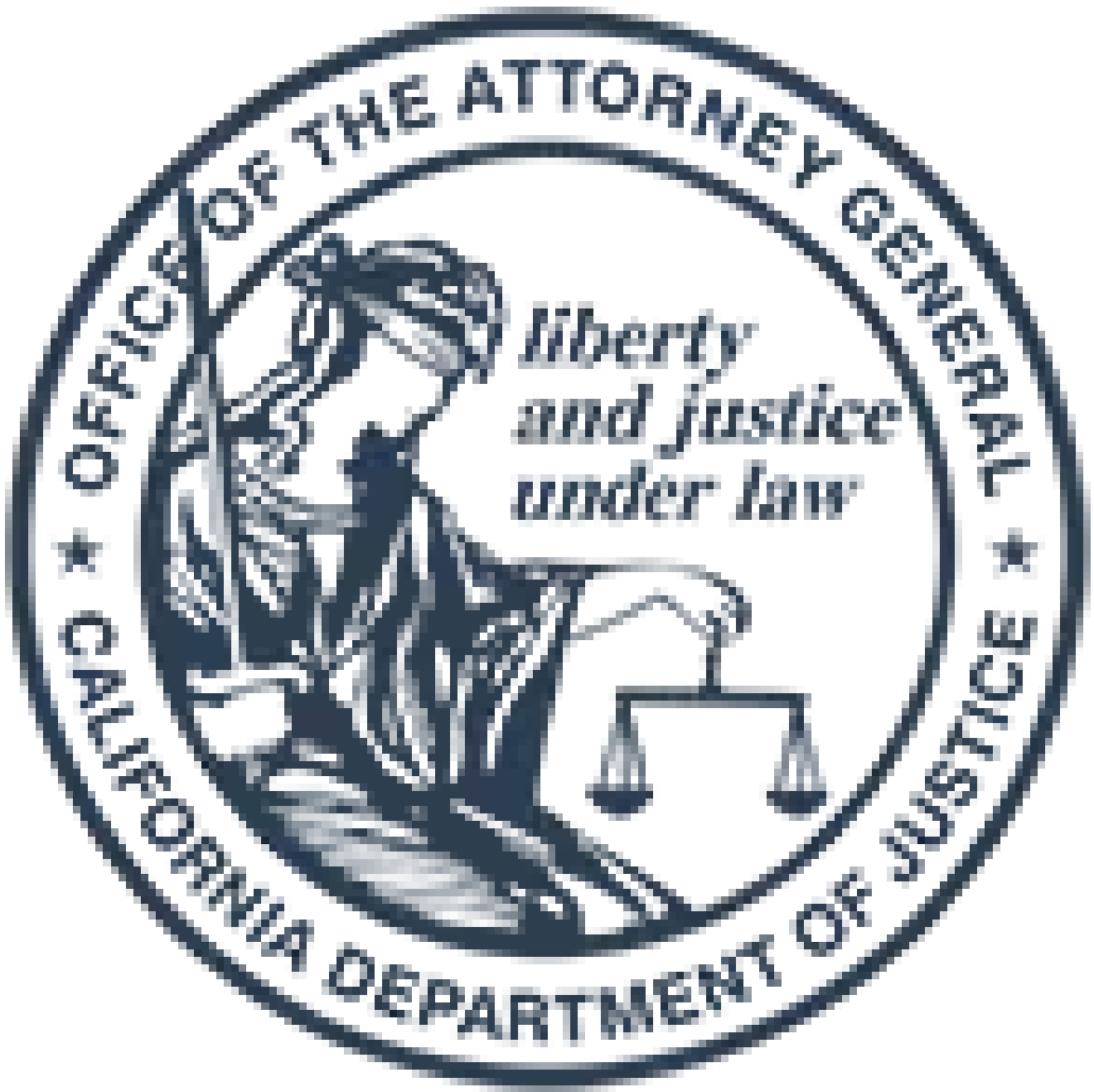
healthcare markets in California has led to rising healthcare costs for consumers throughout the state. Market consolidation in Northern California was especially glaring. The cost of the average inpatient hospital procedure in Northern California \$223,278 exceeded that in Southern California \$131,586 by more than \$90,000.

Attorney General Becerra has made it a priority to protect consumers and to keep California markets competitive. Among other actions, the Attorney General compelled Cottage Health System and its affiliated hospitals in California to implement important safeguards to protect patient medical records in a recent settlement. Attorney General Becerra stopped further consolidation in California's gasoline market by preventing petroleum refiner Valero from acquiring the last independent oil distribution terminal in Northern California in 2017. And he joined a federal lawsuit to charge six generic drug-makers with an illegal conspiracy to increase prices for important pharmaceuticals.

A copy of the complaint, as well as a fact sheet on the complaint, are attached to the press release.

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Attachment	Size
 Sutter Complaint.pdf	1.1 MB
 Sutter Health FACT SHEET.pdf	293.68 KB



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