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**IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF IDAHO**

IN THE MATTER OF THE ATTORNEY
GENERAL'S INVESTIGATION OF
KOOTENAI HOSPITAL DISTRICT,
NOW KOOTENAI HEALTH, INC. D/B/A
KOOTENAI HEALTH, AND SYRINGA
HOSPITAL DISTRICT D/B/A SYRINGA
HOSPITAL AND CLINICS

Case No.: CV25-24-0249

CONSENT DECREE

Pursuant to Idaho Code § 48-108(3), Idaho Attorney General Raúl R. Labrador (the "Attorney General") accepts this Consent Decree from Kootenai Health, Inc. d/b/a Kootenai Health (formerly Kootenai Hospital District) (collectively "Kootenai Health") and Syringa Hospital District d/b/a Syringa Hospital and Clinics ("Syringa") (collectively, the "Settling Hospitals") to conclude his investigation of potential violations of the Idaho Competition Act, Idaho Code Title 48, Chapter 1, commenced pursuant to Idaho Code § 48-109. The Attorney

General, Kootenai Health, and Syringa stipulate to the provisions set forth in this Consent Decree and will submit this Consent Decree for the Court's approval pursuant to Idaho Code § 48-108(3).

This Consent Decree will become effective on the date that the Court enters an order approving this Consent Decree.

BACKGROUND

1. Kootenai Hospital District, with its principal place of business in Coeur d'Alene, Idaho, was the operating entity of "Kootenai Health" for purposes of this Consent Decree until January 1, 2024. As of January 1, 2024, Kootenai Hospital District began the transition to becoming a nonfunctioning hospital district, as described by Idaho Code § 39-1325B, and conveyed its operations and assets to Kootenai Health, Inc., pursuant to Idaho Code § 39-1359.

2. St. Mary's Hospital, Inc. d/b/a St. Mary's Health ("St. Mary's") includes a hospital in Cottonwood, Idaho and a physical therapy clinic in Grangeville, Idaho and was acquired by Kootenai Health in 2020.

3. Clearwater Valley Hospital and Clinics, Inc. d/b/a Clearwater Valley Health ("Clearwater") includes a hospital in Orofino, Idaho and was acquired by Kootenai Health in 2020.

4. Syringa is a hospital district with its principal place of business in Grangeville, Idaho, where Syringa owns and operates a hospital.

5. Among several other hospital-related services, Syringa offers physical therapy services at its hospital in Grangeville.

6. Effective December 17, 2023, the Settling Hospitals terminated a Hospital Management Services Agreement (the “Management Agreement”) between them.

7. The subject of this Consent Decree is the Attorney General’s investigation related to (a) the Management Agreement, (b) Kootenai Health’s acquisition of St. Mary’s and Clearwater in 2020, and (c) the agreements, contracts, arrangements, collaborations, and affiliations that are related to or that resulted from the Management Agreement.

8. The Attorney General has reason to believe that, as a result the matters identified in Paragraph 7 above, the Settling Hospitals may be engaging or may have engaged in acts and practices declared to be unlawful by the Idaho Competition Act, including, but not limited to, contracts or combinations that violate Idaho Code § 48-104 as unreasonable restraints of commerce.

9. The Settling Hospitals disagree that they have engaged in any conduct—whether intentionally or unintentionally—that might constitute a violation of Idaho Code § 48-104. Nonetheless, in the interest of resolving the Attorney General’s investigation without further time or expense, the Settling Hospitals have agreed to this Consent Decree.

JURISDICTION AND VENUE

10. The district court of Idaho County has subject matter jurisdiction pursuant to Idaho Code § 48-118; has personal jurisdiction over the Settling

Hospitals pursuant to Idaho Code § 5-514(a); and is the proper venue by consent of the Settling Hospitals parties pursuant to Idaho Code § 48-118.

THE ATTORNEY GENERAL'S ALLEGATIONS

11. The following allegations are based upon the Attorney General's investigation to date. Absent this Consent Decree, the allegations would be subject to further investigation.

12. In 2017, Kootenai Health and Syringa entered into the Management Agreement.

13. Pursuant to the Management Agreement, Kootenai Health hired and paid for the CEO of Syringa, making the CEO of Syringa an employee of Kootenai Health.

14. The Management Agreement also provides that Kootenai Health would recruit and employ other senior administrative staff for Syringa as requested by Syringa and upon mutual agreement of Kootenai Health and Syringa.

15. Also pursuant to the Management Agreement, Kootenai Health agreed to provide a wide variety of important services to Syringa, including, but not limited to: supervision of Syringa in the absence of the Syringa CEO or at the request of the board of Syringa; strategic assistance; regulatory and compliance resources; public and community relations; human resources and motivational programs; personnel relations programs; staff and leadership development; communications; fund raising; general management; physician recruitment; billing and collections advice; information technology; and financial planning and analysis.

16. The Management Agreement also provided that Kootenai Health would actively encourage the establishment of specialty clinics at Syringa by physicians affiliated with Kootenai Health.

17. As a result of the Management Agreement, and the relationship between the Settling Hospitals created and fostered by the Management Agreement, since 2017, Kootenai Health has had access to significant and competitively sensitive non-public information of Syringa, including, but not limited to, information regarding Syringa's: wages; recruitment and hiring plans; strategic analysis and planning; market analysis and research; analysis of the competitive landscape; discussion of plans for potential geographic expansion; labor demand analysis; community engagement and communications plans; and drafts of audited financial statements and auditor reports.

18. Also as a result of the Management Agreement and the relationship between the Settling Hospitals created and fostered by the Management Agreement, the Settling Hospitals have entered into other agreements, contracts, arrangements, collaborations, and affiliations.

19. Prior to April 1, 2020, St. Mary's and Clearwater were owned by Critical Access Group.

20. The St. Mary's hospital in Cottonwood is approximately 15 miles from Syringa.

21. The St. Mary's hospital in Cottonwood is Syringa's nearest hospital competitor.

22. The St. Mary's physical therapy clinic in Grangeville is located adjacent to Syringa's hospital, where Syringa offers physical therapy services, and is Syringa's nearest physical therapy provider competitor.

23. In 2020, Kootenai Health acquired St. Mary's and Clearwater from Critical Access Group (the "Acquisition").

24. Since the Acquisition, Kootenai Health has owned or had a substantial relationship with, and has had access to significant and competitively sensitive non-public information of, the only two hospitals in Idaho County—St. Mary's (owned by Kootenai Health) and Syringa (where Kootenai Health employed and paid for the CEO).

25. Since the Acquisition, there has been an increasingly higher amount and degree of collaboration and affiliation between St. Mary's and Syringa. This expanding and deepening collaboration and affiliation has been (a) fostered by the Management Agreement between the Settling Hospitals and (b) encouraged and facilitated by Kootenai Health.

26. This collaboration and affiliation have included, among other things, at least a quarterly meeting among the CEO of Syringa, the CEO of St. Mary's, and the Chief Regional Operations Officer of Kootenai Health.

27. As recent as late 2022, the Settling Hospitals intended to prioritize, expand, and strengthen the collaboration and affiliation between St. Mary's and Syringa with the intent of moving toward a joint venture or another type of

partnership within the near future and limiting certain competition between the two hospital competitors.

28. As a result of Kootenai Health's access to Syringa's competitively sensitive non-public information, and the growing collaboration and affiliation between St. Mary's and Syringa, the Attorney General has reason to believe that the Settling Hospitals may be engaging or may have engaged in acts and practices declared to be unlawful by the Idaho Competition Act, including, but not limited to, contracts and combinations that violate Idaho Code § 48-104 as unreasonable restraints of commerce. The following are examples of such acts and practices that the Attorney General's investigation has discovered thus far.

29. Beginning in 2019, after Kootenai Health had announced its intent to acquire St. Mary's and Clearwater, Kootenai Health communicated to Syringa that even after Kootenai Health acquired St. Mary's (Syringa's closest competitor), Kootenai Health would continue to work together with Syringa.

30. As part of this "working together," Kootenai Health assured Syringa that impacts to Syringa would be carefully considered by Kootenai Health (including St. Mary's) in all its decisions regarding recruiting and hiring key employees from Syringa.

31. Kootenai Health (including St. Mary's) and Syringa also communicated that they would not solicit each other's employees to change their employment from one to the other.

32. Kootenai Health also communicated to Syringa that Kootenai Health would not compete with Syringa for certain employees in the Idaho County area by raising the wages of employees at the St. Mary's facilities.

33. Thus, since 2019 and continuing at least into 2022, the Settling Hospitals have discussed limiting their competition for labor, potentially in violation of Idaho Code § 48-104.

34. The Settling Hospitals have also considered that Kootenai Health might limit or decrease its presence in Grangeville, where the St. Mary's physical therapy clinic is located and competes with Syringa's physical therapy services.

35. During the Attorney General's investigation, and a contemporaneous investigation conducted by the Federal Trade Commission, on November 28, 2023, the Settling Hospitals agreed with each other to terminate the Management Agreement effective December 17, 2023.

36. Notwithstanding the termination of the Management Agreement, there still are or may be certain agreements, contracts, arrangements, collaborations, and affiliations between the Settling Hospitals (a) that resulted from the Management Agreement or the relationship between the Settling Hospitals created and fostered by the Management Agreement and (b) that the Settling Hospitals intend to maintain.

37. Further, notwithstanding the termination of the Management Agreement, the Settling Hospitals intend to create certain new agreements,

contracts, arrangements, collaborations, or affiliations between them in place of the Management Agreement.

38. The Attorney General thus has reason to believe that the termination of the Management Agreement, by itself, will not provide sufficient protection against (a) the continuation or the repeat of the acts and practices that resulted in the potential violations of the Idaho Competition Act described herein and (b) other future acts and practices that may result in violations of the Idaho Competition Act.

GENERAL PROVISIONS

39. **Notice of Consent Not Required.** This Consent Decree settles the Attorney General's investigation into alleged violations of the Idaho Competition Act, which investigation contemplates an action under Idaho Code § 48-108(1). This Consent Decree does not seek to secure monetary relief on behalf of persons residing in Idaho under Idaho Code § 48-108(2). Therefore, there is no requirement for notice of the proposed settlement under Idaho Code § 48-108(3).

40. **Compromise and Settlement.** This Consent Decree is a compromise and settlement of the Attorney General's concerns that the Settling Hospitals may have violated the Idaho Competition Act. The Attorney General and the Settling Hospitals negotiated this Consent Decree in good faith. The Settling Hospitals had a reasonable opportunity to consult with their respective attorneys and obtained legal counsel to advise them regarding their rights and responsibilities under this Consent Decree and under state and federal laws.

41. **No Admission of Violation.** This Consent Decree does not constitute an admission by the Settling Hospitals of any fact or violation of any state or federal law, rule, or regulation. The Settling Hospitals in fact dispute the Attorney General's allegations in Paragraphs 11–38 above. This Consent Decree also does not constitute evidence of any liability, fault, or wrongdoing by the Settling Hospitals. The Settling Hospitals enter into this Consent Decree to resolve the concerns of the Attorney General regarding their acts or practices. This Consent Decree is not intended to be used as evidence by a third party in any court or administrative or other proceeding to establish any wrongdoing or liability of either of the Settling Hospitals.

42. **No Implied Approval.** The Settling Hospitals must not represent or imply that the Attorney General has approved the Settling Hospitals' agreements, contracts, arrangements, collaborations, or affiliations between them or their acts, practices, procedures, policies, techniques, or other manners of performance. The Settling Hospitals must not represent to third parties that this Consent Decree vindicates or otherwise endorses their agreements, contracts, arrangements, collaborations, or affiliations between them or their acts, practices, procedures, policies, techniques, or other manners of performance. The Settling Hospitals may respond to any news release issued by the Office of the Attorney General regarding this Consent Decree.

43. **Entire Agreement.** This Consent Decree sets forth the entire agreement between the Attorney General and the Settling Hospitals, superseding

all prior agreements and understandings, whether written or oral, between the Attorney General and the Settling Hospitals and their counsel concerning the allegations in this Consent Decree. The parties may amend this Consent Decree by written agreement signed by the Attorney General and each Settling Hospital. Such an amendment does not need to be filed with the Court unless it fundamentally alters the terms set forth herein, as agreed by the Attorney General and the Settling Hospitals.

44. **Effective Date.** The effective date of this Consent Decree is the date that the Court enters an order approving this Consent Decree.

45. **Compliance.** The Settling Hospitals agree to act in good faith in obeying the provisions of this Consent Decree. The Settling Hospitals must not act to circumvent the general intention of this Consent Decree, which is to assure that the Settling Hospitals comply with the Idaho Competition Act.

46. **Waiver.** The Settling Hospitals waive the right to contest matters of jurisdiction and venue if the Attorney General pursues a contempt action based on a violation of this Consent Decree.

47. **Injunctive Order(s).** The Settling Hospitals do not object to the entry of one or more injunctive orders requiring them to take or perform certain actions and prohibiting them from directly or indirectly engaging in actions specified and described below in this Consent Decree.

REQUIRED CONDUCT

48. To the extent not already completed, no later than 30 days after the effective date of this Consent Decree, Kootenai Health will: (a) terminate its employment of the Chief Executive Officer of Syringa; (b) terminate its employment of any other person employed by Kootenai Health on behalf or for the benefit of Syringa; and (c) provide to the Attorney General documentation sufficient to show such terminations.

49. No later than 30 days after the effective date of this Consent Decree, the Settling Hospitals will each, separately and independently, provide to the Attorney General a list of all agreements, contracts, arrangements, collaborations, and affiliations, formal or informal, in effect between the Settling Hospitals at that time.

50. No later than 45 days after the effective date of this Consent Decree, the Settling Hospitals will: (a) terminate all agreements, contracts, arrangements, collaborations, and affiliations, formal or informal, between them; and (b) provide to the Attorney General documentation sufficient to show such terminations.

51. The termination requirement of Paragraph 50 above shall not apply to agreements, contracts, arrangements, collaborations, or affiliations where, prior to the effective date of the Consent Decree, (a) the Settling Hospitals have provided a full copy or written description of such agreements, contracts, arrangements, collaborations, or affiliations to the Attorney General to the satisfaction of the

Attorney General and (b) the Attorney General has not objected to such agreements, contracts, arrangements, collaborations, or affiliations.

52. For any proposed agreements, contracts, arrangements, collaborations, or affiliations, formal or informal, not in effect between the Settling Hospitals as of the effective date of this Consent Decree, the Settling Hospitals will each, separately and independently, provide notice to the Attorney General of such proposed agreements, contracts, arrangements, collaborations, or affiliations no less than 45 days prior to their effective date. This 45-day notice must also include all material terms and conditions of the proposed agreements, contracts, arrangements, collaborations, or affiliations.

PROHIBITED CONDUCT

53. Each Settling Hospital is prohibited from directly or indirectly:

a. Employing any person on behalf or for the benefit of the other Settling Hospital;

b. Encouraging, facilitating, entering into, participating in, or attempting to engage in any actual or potential agreements, contracts, arrangements, collaborations, or affiliations between each other (including any subsidiaries or entities owned, controlled, or operated by either Settling Hospital):

1. that limit competition for labor, including, but not limited to, agreements not to solicit, hire, or poach each other's employees or

agreements not to compete on wages or other terms or conditions of employment; or

2. about labor compensation or other terms or conditions of employment; and

c. Communicating or facilitating the exchange of non-public information between each other (including any subsidiaries or entities owned, controlled, or operated by either Settling Hospital) about labor compensation or other terms or conditions of employment.

COMPLIANCE INSPECTION

54. For purposes of determining or securing compliance with this Consent Decree or determining whether this Consent Decree should be modified, and subject to a legally recognized privilege, authorized representatives of the Attorney General (including his consultants and other retained persons), on reasonable notice of not less than 30 days to a Settling Hospital, will be permitted:

a. Access to inspect and copy (during normal operating hours) all books, ledgers, accounts, records, data, and documents in the possession, custody, or control of the Settling Hospital relating to any matters contained in this Consent Decree. At the Attorney General's request, the Settling Hospital will provide hard or electronic copies of the document(s) described above; and

b. To interview, either informally or on the record, the Settling Hospital and the designated Settling Hospital's employees and agents

regarding the matters contained in this Consent Decree. The interviewees are entitled to have legal counsel present. The interviews will be subject to the reasonable convenience of the interviewee without restraint or interference by the Settling Hospital.

55. Upon the reasonable written request of the Attorney General, the Settling Hospitals will submit written reports or a response to written interrogatories, under oath if requested by the Attorney General, relating to any of the matters contained in this Consent Decree. Nothing herein prohibits reasonable objections as provided in the Idaho Rules of Civil Procedure.

56. No information or documents obtained by the means provided in Paragraphs 54 and 55 above will be divulged by the Attorney General to any person other than an authorized representative of the Attorney General and will be treated as if received pursuant to Idaho Code § 48-109, except in the course of legal proceedings to which the Attorney General is a party for the purpose of securing compliance with this Consent Decree or as otherwise required by law or court order.

RETENTION OF JURISDICTION

57. The Court entering the order approving this Consent Decree will retain jurisdiction to enable any party to this Consent Decree to apply for further orders and directions as may be necessary or appropriate to carry out or construe this Consent Decree, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

EXPIRATION OF CONSENT DECREE

58. This Consent Decree will expire five (5) years from its effective date unless judicially extended.

AUTHORIZATIONS

59. The Consent Decree is authorized as follows. The authorizations may be in counterparts.


Date: May 9, 2024 **Kootenai Health, Inc. d/b/a Kootenai Health
(formerly Kootenai Hospital District)**

By: 
Joel Hazel
Its: Chief Legal Officer

Date: _____ **Syringa Hospital District d/b/a Syringa Hospital
and Clinics**

By: _____
Laura Smith
Its: Chair of the Board of Trustees

Date: May 9, 2024 **Raúl R. Labrador, Idaho Attorney General**

By: 
John K. Olson
Deputy Attorney General

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By: _____
Joel Hazel
Its: Chief Legal Officer

Date: 5/9/24 **Syringa Hospital District d/b/a Syringa Hospital
and Clinics**

By: Laura A. Smith
Laura Smith
Its: Chair of the Board of Trustees

Date: May 9, 2024 **Raúl R. Labrador, Idaho Attorney General**

By: John K. Olson
John K. Olson
Deputy Attorney General

CERTIFICATE OF SERVICE

I hereby certify that on May 10, 2024, I caused to be served a true and correct copy of the foregoing by the methods indicated below and addressed to the following:

Joel Hazel (joel.hazel@kh.org) Nathan Orlando (nathan.orlando@kh.org) <i>Attorneys for Kootenai Health, Inc.</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	Hand Delivery U.S. Mail Overnight iCourt/Email
Kim Stanger (kcstanger@hollandhart.com) Holland & Hart LLP <i>Attorneys for Syringa Hospital District</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	Hand Delivery U.S. Mail Overnight iCourt/Email

John K. Olson

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