



December 21, 2015

MADIGAN, FEDERAL TRADE COMMISSION SUE TO BLOCK ADVOCATE-NORTHSHORE HOSPITAL MERGER

Antitrust Lawsuit Alleges Proposed Merger Will Raise Healthcare Costs

Chicago — Attorney General Lisa Madigan today joined with the Federal Trade Commission (FTC) in seeking to block the proposed merger of two of the largest hospital systems in the Chicago area, Advocate Health Care Network (Advocate) and NorthShore University Health System (NorthShore). The health systems are the two preeminent competitors in northern Cook County and southern Lake County, and if the merger were to proceed, it would be the largest hospital system in that area.

The FTC issued an administrative complaint on December 18, 2015 alleging the combination of Advocate and NorthShore would create a system with more than 55 percent of the relevant market, allowing the merged system to raise prices for inpatient services.

Today, Madigan and the FTC filed a complaint in U.S. District Court for the Northern District of Illinois, seeking a preliminary injunction to prevent the parties from completing the merger, pending a full antitrust review in the FTC administrative proceeding.

The lawsuit alleges the merger would substantially reduce competition in the suburban Chicago North Shore area, increasing costs for inpatient hospital services provided to commercial payers and their insured members. The increased costs would be paid by employers and their employees. It's also alleged that decreased competition would mean the merged system would have less incentive to improve its service offerings and quality of care.

"The loss of competition between these two already large and successful hospital systems would be costly to patients on a variety of levels," Madigan said. "With fewer hospitals competing for patients on the North Shore, healthcare costs will inevitably rise."

Bureau Chief Robert Pratt and Senior Assistant Attorney General Blake Harrop are handling the case for Madigan's Antitrust Bureau.

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