



**FEDERAL TRADE COMMISSION**  
PROTECTING AMERICA'S CONSUMERS

# FTC Challenges Proposed Merger of Two Chicago-area Hospital Systems

## Action is FTC's Third Recent Hospital Merger Challenge

FOR RELEASE

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**TAGS:** [Health Care](#) | [Hospitals and Clinics](#) | [Bureau of Competition](#) | [Competition](#) | [Merger](#)

The Federal Trade Commission has authorized action to block the proposed merger of Advocate Health Care Network and NorthShore University HealthSystem, two leading providers of general acute care inpatient hospital services in the North Shore area of Chicago.

The FTC issued an [administrative complaint](#) alleging that the proposed merger will create the largest hospital system in the North Shore area. The combined entity would operate a majority of the hospitals in the area and control more than 50 percent of the general acute care inpatient hospital services. The result would likely be significant harm to consumers – with rising healthcare costs and diminished incentives to upgrade services and improve quality, according to the complaint.

“Advocate is one of the largest health systems in the Chicago area, and it competes directly with NorthShore in the northern suburbs of Chicago,” said Debbie Feinstein, Director of the FTC’s Bureau of Competition. “This merger is likely to significantly increase the combined system’s bargaining power with health plans, which in turn will harm consumers by bringing about higher prices and lower quality.”

The Commission also has authorized staff to seek a temporary restraining order and a preliminary injunction in federal court to prevent the parties from consummating the merger, and to maintain the status quo pending the administrative proceeding.

Advocate and NorthShore are close competitors with a history of upgrading medical facilities, investing in new technologies, and adjusting their approach to managed care contracting to compete against each other, according to the complaint. The proposed merger would eliminate the robust competition between them for inclusion in health insurance companies' hospital networks.

The complaint also alleges that if the merger takes place, neither entry by new providers in the North Shore area nor expansion by current ones will offset the likely harm to consumers caused by the lost competition. Additionally, the complaint alleges that the potential cost savings and purported quality improvements claimed by the parties to result from the merger are neither substantiated nor merger-specific, and are insufficient to outweigh the likely competitive harm resulting from the merger.

This action is the FTC's third challenge to a proposed hospital merger in recent weeks. The agency has also taken action to stop [Cabell Huntington Hospital's acquisition of St. Mary's Medical Center](#) in the Huntington, West Virginia area, and [Penn State Hershey Medical Center's merger with PinnacleHealth System](#) in the Harrisburg, Pennsylvania area. The Pennsylvania Office of the Attorney General joined the latter challenge.

The Commission vote to issue the administrative complaint and to authorize staff to seek a temporary restraining order and preliminary injunction was 4-0. The administrative trial is scheduled to begin on May 24, 2016. The federal court complaint and request for preliminary relief will be filed in the U.S. District Court for the Northern District of Illinois, Eastern Division.

**NOTE:** The Commission files a complaint when it has "reason to believe" that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

The Federal Trade Commission works to [promote competition](#), and protect and educate consumers. You can learn more about [how competition benefits consumers](#) or [file an antitrust complaint](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#) and [subscribe to press releases](#) for the latest FTC news and resources.

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