FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas

U.S. Anesthesia Partners, Welsh Carson engaged in decade-long anticompetitive acquisition spree to suppress competition and unfairly drive-up prices for anesthesiology services

September 21, 2023

Tags: Competition | Bureau of Competition | monopolization

The Federal Trade Commission today sued U.S. Anesthesia Partners, Inc. (USAP), the dominant provider of anesthesia services in Texas, and private equity firm Welsh, Carson, Anderson & Stowe, alleging the two executed a multi-year anticompetitive scheme to consolidate anesthesiology practices in Texas, drive up the price of anesthesia services provided to Texas patients, and boost their own profits.

The FTC's complaint, filed in federal district court, alleges that USAP and Welsh Carson, which created USAP, engaged in a three-part strategy to consolidate and monopolize the anesthesiology market in Texas. First, they executed a roll-up scheme, systematically buying up nearly every large anesthesia practice in Texas to create a single dominant provider with the power to demand higher prices. Second, USAP and Welsh Carson further drove up anesthesia prices through price-setting agreements with remaining independent practices. Third, USAP sidelined a significant competitor by striking a deal to keep it out of USAP's territory.

The FTC alleges that USAP's multi-pronged anticompetitive strategy and resulting dominance has cost Texans tens of millions of dollars more each year in anesthesia services than before USAP was created.

"Private equity firm Welsh Carson spearheaded a roll-up strategy and created USAP to buy out nearly every large anesthesiology practice in Texas. Along with a set of unlawful agreements to set prices and allocate markets, these tactics enabled USAP and Welsh Carson to raise prices for anesthesia services—raking in tens of millions of extra dollars for these executives at the expense of Texas patients and businesses," said FTC Chair Lina M. Khan. "The FTC will continue to scrutinize and challenge serial acquisitions, roll-ups, and other stealth consolidation schemes that unlawfully undermine fair competition and harm the American public."

As the FTC's complaint states, New York-based Welsh Carson created USAP in 2012 after observing that anesthesiology in Texas was made up of small practices competing against one another, which allowed insurers to negotiate lower prices for themselves, for their clients, and ultimately for patients. Welsh Carson saw a chance to profit by eliminating this competition.

Since its creation, USAP has acquired more than a dozen anesthesiology practices in Texas. As it bought each one, the FTC says, USAP raised the acquired group's rates to USAP's higher rates—resulting in a substantial mark-up for the same doctors as before. This roll-up strategy has made it the dominant provider of anesthesia services in Texas and in many of the state's metropolitan areas, including Houston and Dallas. USAP's size and prices now dwarf those of its rivals.

The FTC's complaint also alleges that USAP sought to further drive-up prices by:

- **Entering or maintaining price-setting arrangements:** USAP entered into or maintained arrangements that allowed USAP to charge its own market-leading prices for services that were provided by independent anesthesia groups at key hospitals in Houston and Dallas.
- **Forming a market allocation arrangement:** USAP and Welsh Carson secured a promise from another large anesthesia services provider to stay out of USAP's territory.

The FTC alleges that USAP and Welsh Carson's conduct amounts to unlawful monopolization, unlawful acquisitions, a conspiracy to monopolize, unfair methods of competition, and unlawful restraints of trade. Such conduct violates the FTC Act and the Clayton Act.

The FTC is seeking equitable relief necessary to remedy the impact of USAP and Welsh Carson's anticompetitive conduct and to prevent the recurrence of such conduct.

The Commission vote to authorize staff to file for a permanent injunction and other equitable relief in the U.S. District Court for the Southern District of Texas was 3-0.

NOTE: The Commission issues 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 case will be decided by the court.

The Health Care Division of the FTC's Bureau of Competition was responsible for this matter.

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. For the latest news and resources, follow the FTC on social media, subscribe to press releases and read our blog.

Contact Information

Media Contact

Victoria Graham
Office of Public Affairs

415-848-5121