ATTORNEY GENERAL XAVIER BECERRA
TAKES ACTION AGAINST SUTTER HEALTH

Attorney General Becerra filed an antitrust action against Sutter Health for illegal, anti-competitive conduct. Today's enforcement action seeks to restore competition in California's healthcare markets and stop this behavior.

Attorney General Becerra's lawsuit follows an investigation into the practices of the state's healthcare systems due to the **wide disparities between Northern and Southern California healthcare cost**s. A *Los Angeles Times* analysis found that, on average, hospitals in Northern California's six most populous counties collect 56% more revenue per patient per day from insurance companies and patients than hospitals in Southern California's six largest counties. A recent University of California, Berkeley report found further evidence that the consolidated market in Northern California has led to higher prices for consumers, finding that the average hospital inpatient procedure the cost $131,586 in Southern California and $223,278 in Northern California.

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

- Establishing, increasing and maintaining Sutter's power to control prices and exclude competition;
- Foreclosing price competition by Sutter's competitors; and
- Enabling Sutter 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 alleges that Sutter did this by:

- **Preventing insurance companies from negotiating with it on anything other than "all or nothing" system-wide basis**. This means that health insurers are required under the terms of contract with Sutter Health to negotiate with all the Sutter Health system or face termination of their contract, which can be very disruptive for patients;

- **Preventing insurance companies from giving consumers more low-cost health plan options**. For example, an insurance company might charge a $200 out-of-pocket cost for an outpatient surgery performed by a facility outside of the preferred group and $100 for outpatient surgery performed by a facility inside the preferred group.

- **Setting excessively high out-of-network rates** for patients who must seek care outside of their provider network. These rates exceed those of Sutter's competitors and Medicare rates;

- **Restricting publication of provider cost information and rates**. Transparency is a critical tool to help patients to choose quality, cost-effective care.

These business practices violate the **Cartwright Act.**