

St. Luke's is a regional health system consisting of seven medical centers in southwestern Idaho. Its largest facility is a 399-bed hospital in Boise. The system has expanded in the recent past and controls hospitals in Twin Falls (228 beds), Jerome (25 beds), Ketchum (25 beds), and McCall (15 beds) (St. Luke's 2013). The system also aggressively prepared itself for the changes that will be instituted by the Affordable Care Act.

Saint Alphonsus, on the other hand, belonged to Trinity Health, a large national system of approximately 30 hospitals. Saint Alphonsus had two facilities in southwestern Idaho: the 381-bed Saint Alphonsus Regional Medical Center in Boise and a 152-bed hospital in Nampa (Trinity Health 2017).

By 2012, according to an article in the *New York Times*, many independent doctors were complaining that both hospitals in Boise, especially St. Luke's, had too much power and control over their medical practices (Creswell and Abelson 2012b). The doctors accused St. Luke's of dictating which tests and procedures to perform, how much to charge, and which patients to admit. Independent specialists claimed that their referrals from the physicians employed by St. Luke's had dropped sharply and that patients frequently paid more for treatment at the hospital than they would pay at an independent physician's office.

At the same time, employed physicians voiced growing pressure to meet the financial goals the hospitals had set for them, which in the physicians' opinions often entailed unnecessary tests, procedures, and hospital admissions.

Although the two hospitals have competed for decades, their rivalry intensified in the years just prior to 2013. Saint Alphonsus, trying to slow St. Luke's perceived domination, even sought a court injunction to stop St. Luke's from buying physician practices. This legal maneuver claimed that St. Luke's market dominance allowed them to raise prices and to demand exclusive or preferential agreements with insurance companies. As an example, Saint Alphonsus claimed that the price of a colonoscopy had quadrupled, and that St. Luke's charges for laboratory work were nearly three times the fees charged by others in the market. Saint Alphonsus argued that St. Luke's dominance was hurting Saint Alphonsus's business and creating steep declines in hospital admissions and referrals from physicians employed by St. Luke's.

St. Luke's justified its actions, saying it was positioning itself to better compete and improve its ability to coordinate patient care when it was to become an accountable care organization (ACO). ACOs require close coordination between hospitals and physicians and are predicted to cut healthcare costs by eliminating unneeded procedures and tests and keeping patients out of the hospital.

As a result, the Federal Trade Commission (FTC) and the Idaho attorney general began to investigate St. Luke's. Jeffrey Perry, an assistant director in the FTC's Bureau of Competition, was quoted in the *New York Times*: "We're