

IN THE MATTER OF
HOSPITAL CORPORATION OF AMERICA

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3167. Complaint, Sept. 30, 1985—Decision, Sept. 30, 1985

This consent order requires a Nashville, Tenn. for-profit hospital chain, among other things, to divest three of the hospitals it acquired from Forum Group, Inc. to Commission-approved acquirers within 12 months after the order becomes final. If respondent cannot divest within the time specified, the Commission will appoint a trustee to make the divestitures. Respondent is prohibited from reacquiring the assets of any of the divested hospitals for 10 years without prior Commission approval. Additionally, respondent is required to provide advance notification to the Commission before acquiring any psychiatric hospital or unit, or any general acute care hospital operating a psychiatric unit, in the Norfolk, Va., area, or any general acute care hospital in the Midland/Odessa, Tex. area, unless such acquisition price does not exceed one million dollars (\$1,000,000). Further, respondent is required to file compliance reports with the Commission at specified times and make records available to Commission staff.

Appearances

For the Commission: *Raymond L. Randall, Oscar M. Voss, Nina B. Hale and Linda M. Brody.*

For the respondents: *William D. Iverson and G.M. Chester, Jr., Covington & Burling, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent Hospital Corporation of America, a corporation subject to the jurisdiction of the Federal Trade Commission, has, through an acquisition of assets and voting securities, acquired several hospitals from Forum Group, Inc., a corporation subject to the jurisdiction of the Federal Trade Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 11 of the Clayton Act, 15 U.S.C. 21, and Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. 45(b), stating its charges as follows:

I. DEFINITIONS

1. For the purposes of this complaint, the following definitions shall apply:

(a) *HCA* means Hospital Corporation of America and its subsidiaries.

(b) *Forum* means Forum Group, Inc. and its subsidiaries.

(c) *Hospital* means a health facility, other than a federally-owned facility (such as a military or Veterans Administration hospital), having a duly organized governing body with overall administrative responsibility and an organized professional staff that provides 24-hour inpatient care, and that may also provide outpatient services.

(d) *General acute care hospital* means a hospital which has as a primary function the provision of inpatient services for medical diagnosis, treatment, and care of physically injured or sick persons with short-term or episodic health problems or infirmities.

(e) *Psychiatric hospital* means a hospital which has as a primary function the provision of inpatient services for psychiatric diagnosis, treatment, and care of persons suffering from mental illness or emotional disturbance, and may also provide treatment for alcohol or drug abuse.

(f) *Psychiatric unit* means a department, unit, or other organizational subdivision of a general acute care hospital that has as a primary function the provision of inpatient services for psychiatric diagnosis, treatment, and care of persons suffering from mental illness or emotional disturbance, and may also provide treatment for alcohol or drug abuse.

(g) *Norfolk MSA* means the Norfolk-Virginia Beach-Newport News, Virginia Metropolitan Statistical Area, as defined by the Office of Information and Regulatory Affairs, Office of Management and Budget, Executive Office of the President as of January 1, 1985.

(h) *Midland/Odessa Area* means the area comprising Ector and Midland counties in Texas.

II. RESPONDENT - HOSPITAL CORPORATION OF AMERICA

2. HCA is a corporation organized and doing business under the laws of the State of Tennessee with its office and principal place of business located at One Park Plaza, Nashville, Tennessee.

3. HCA is primarily engaged in the operation and management of hospitals in the United States and in foreign countries. HCA is the largest for-profit hospital chain in the United States. It owns, leases, or manages more than 350 general acute care hospitals in over 40 States, and more than 25 psychiatric hospitals in over 10 States. In 1983, its revenues from domestic hospital operations exceeded \$3.7

billion. By virtue of its activities, HCA is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44, and is subject to the jurisdiction of the Federal Trade Commission.

4. At all times relevant herein, HCA has been and is now engaged in activities that are in or affect commerce within the meaning of Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business activities are in or are affecting commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. HCA does business in a number of States and foreign countries. HCA in general, and the hospitals it owns or manages in the Norfolk MSA and the Midland/Odessa Area in particular, engage in interstate commerce.

III. THE ACQUISITION

5. On or about October 12, 1984, HCA entered into an agreement under which HCA would acquire from Forum most of Forum's general acute care hospitals and psychiatric hospitals through the purchase of certain assets and related voting securities for approximately \$195 million. Consummation of this acquisition (hereinafter "the acquisition") was completed on April 2, 1985.

6. Forum is a for-profit corporation organized and doing business under the laws of the State of Indiana with its office and principal place of business located at 8900 Keystone Crossing, Indianapolis, Indiana.

7. Prior to the acquisition, Forum owned general acute care hospitals and psychiatric hospitals in at least seven States. Forum also owns and operates nursing homes, facilities for the developmentally disabled, and retirement living complexes. Its fiscal 1984 operating revenues were approximately \$110 million. By virtue of its activities, Forum is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44, and is subject to the jurisdiction of the Federal Trade Commission.

8. At all times relevant herein, Forum has been and is now engaged in activities that are in or affect commerce within the meaning of Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business activities are in or are affecting commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. Forum does business in a number of States. Forum in general, and the hospitals it owned in the Norfolk MSA and the Midland/Odessa Area in particular, engage in interstate commerce.

IV. COUNT I: PSYCHIATRIC HOSPITAL SERVICES—THE NORFOLK MSA

Trade and Commerce

9. The allegations of Paragraphs 1 through 8, inclusive, of this complaint are hereby incorporated by reference.

10. One relevant product market in which to evaluate the effects of the acquisition is psychiatric services provided by psychiatric hospitals and psychiatric units, excluding long-term treatment of chronic mental illness, and also excluding such treatment and other services provided by Federally-owned facilities and State mental hospitals ("psychiatric hospital services").

11. One relevant geographic market in which to evaluate the effects of the acquisition is the Norfolk MSA.

12. Among the hospitals HCA acquired from Forum were two psychiatric hospitals in the Norfolk MSA, Virginia Center for Psychiatry - Portsmouth in Portsmouth, Virginia, and Virginia Center for Psychiatry - Norfolk in Norfolk, Virginia.

13. At the time HCA acquired these hospitals, HCA already owned and operated a psychiatric hospital in the Norfolk MSA, Peninsula Hospital in Hampton, Virginia.

14. Prior to the acquisition, HCA and Forum were competitors in the psychiatric hospital services market in the Norfolk MSA.

15. At the time of the acquisition, HCA's Peninsula Hospital had approximately a 15 percent share of the psychiatric hospital services market in the Norfolk MSA based on licensed psychiatric beds and approximately a 12 percent share of the market based on the number of patient days of inpatient psychiatric care provided in 1983 ("1983 psychiatric patient days"). HCA's market share after the acquisition of the two psychiatric hospitals identified in paragraph 12 above increased to approximately 45 percent based on licensed psychiatric beds, an increase of 30 percent, and approximately 38 percent based on 1983 psychiatric patient days, an increase of 26 percent.

16. Prior to the acquisition, the psychiatric hospital services market in the Norfolk MSA was already concentrated. Concentration increased substantially as a result of the acquisition. The Herfindahl-Hirschman Index ("HHI") increased approximately 890 points, from approximately 1700 to approximately 2590, based on the number of licensed psychiatric beds. The HHI increased approximately 460 points, from approximately 1590 to approximately 2050, based on 1983 psychiatric patient days.

17. Barriers to entry into the psychiatric hospital services market in the Norfolk MSA are high. These barriers include, among other things, the requirement under the Virginia health planning laws, Va. Code Section 32.1-102.1 *et seq.*, that State government approval be

obtained prior to entry into the market. Because State government health planning officials project that, for purposes of health planning law implementation, the capacity of existing firms will likely exceed estimated demand for the foreseeable future, it is unlikely that such approval will be granted for new entry into the market in the foreseeable future.

Effects of the Acquisition

18. The effects of HCA's acquisition of the two Forum psychiatric hospitals in the Norfolk MSA may be substantially to lessen competition in the psychiatric hospital services market in the Norfolk MSA in, among others, the following ways:

- (a) actual competition between HCA and Forum in the relevant market has been eliminated;
- (b) Forum has been eliminated as a substantial independent competitor in the relevant market; and
- (c) actual competition among the remaining competitors in the relevant market may be lessened.

Violation Charged

19. The acquisition of Virginia Center for Psychiatry - Portsmouth and Virginia Center for Psychiatry - Norfolk by HCA constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

V. COUNT II: GENERAL ACUTE CARE HOSPITAL SERVICES— THE MIDLAND/ODESSA AREA

Trade and Commerce

20. The allegations of Paragraphs 1 through 8, inclusive, of this complaint are hereby incorporated by reference.

21. One relevant product market in which to evaluate the effects of the acquisition is general acute care hospital services.

22. One relevant geographic market in which to evaluate the effects of the acquisition is the Midland/Odessa Area in Texas.

23. Among the hospitals HCA acquired from Forum was Parkview Hospital, a general acute care hospital in Midland, Texas, as well as a planned new facility in Midland that, if and when it is completed, will be named "Doctors' Hospital of the Permian Basin" and will replace Parkview Hospital. (These two facilities will be hereinafter referred to collectively as "Parkview".)

24. At the time HCA acquired Parkview, HCA was already operating under a management contract one of the three other general

acute care hospitals in the Midland/Odessa Area, Medical Center Hospital in Odessa, Texas. Pursuant to the management contract, HCA manages the day-to-day operations of the hospital. HCA's specific responsibilities under the contract include, among other things, providing to the hospital an administrator and controller (both of whom serve as employees of HCA, as well as the hospital); making recommendations to the hospital's Board of Managers regarding hospital charges, capital improvements, and changes in the scope of services offered by the hospital; assisting in preparation of the hospital's budget, and its short-, medium-, and long-term plans; making recommendations regarding recruiting, hiring, firing, training, promotion, and assignment of, and compensation for, hospital employees; providing HCA staff consultants to the hospital as necessary; obtaining necessary licenses and permits for the hospital; and making recommendations for maintaining the hospital's compliance with accreditation standards and government regulations. As a result of its contractual relationship with the hospital, HCA has a significant role in determining the manner in which Medical Center Hospital competes with other hospitals.

25. Prior to the acquisition, HCA and Forum were competitors in the general acute care hospital services market in the Midland/Odessa Area.

26. At the time of the acquisition, Medical Center Hospital had approximately a 50 percent share of the general acute care hospital services market in the Midland/Odessa Area based on licensed general acute care beds and approximately 55 percent of the market based on the number of 1983 inpatient days. After the acquisition of Parkview, HCA controlled, either through ownership or management contract, hospitals with a combined share of 58 percent of the relevant market based on licensed general acute care beds, an increase of 8 percent, and approximately 60 percent based on 1983 inpatient days, an increase of 5 percent.

27. Prior to the acquisition, the general acute care hospital services market in the Midland/Odessa Area was already highly concentrated. Concentration increased substantially as a result of the acquisition. The HHI increased approximately 820 points, from approximately 3530 to approximately 4350, based on the number of licensed general acute care beds. The HHI increased approximately 560 points, from approximately 3990 to approximately 4550, based on 1983 inpatient days.

28. Barriers to entry into the general acute care hospital services market in the Midland/Odessa Area are substantial. Significant time delays, substantial excess capacity in the market, and other obstacles may impede or discourage new entrants into the market. It is unlike-

ly, for at least a substantial time period, that new entry will deter or prevent collusive or other anticompetitive conduct in the market.

Effects of the Acquisition

29. The effect of HCA's acquisition of Parkview from Forum may be substantially to lessen competition in the general acute care hospital services market in the Midland/Odessa Area in, among others, the following ways:

- (a) actual competition between HCA and Forum in the relevant market has been eliminated;
- (b) Forum has been eliminated as a substantial independent competitor in the relevant market; and
- (c) actual competition among the remaining competitors in the relevant market may be lessened.

Violation Charged

30. The acquisition of Parkview by HCA constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Clayton Act and the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional allegations set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect. and having thereupon accepted the executed

consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Hospital Corporation of America is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its office and principal place of business located at One Park Plaza, in the City of Nashville, State of Tennessee.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I.

For purposes of this order, the following definitions shall apply:

A. *HCA* means Hospital Corporation of America, a corporation organized under the laws of Tennessee, with its principal executive office at One Park Plaza, Nashville, Tennessee, and its directors, officers, agents, employees, and representatives, and its subsidiaries, divisions, affiliates, successors, and assigns.

B. *Forum* means Forum Group, Inc. and its subsidiaries, divisions, affiliates, successors, and assigns.

C. *Hospital* means a health facility, other than a federally owned facility, having a duly organized governing body with overall administrative responsibility and an organized professional staff that provides 24-hour inpatient care, and that may also provide outpatient services.

D. *General acute care hospital* means a hospital which has as a primary function the provision of inpatient services for medical diagnosis, treatment, and care of physically injured or sick persons with short-term or episodic health problems or infirmities.

E. *Psychiatric hospital* means a hospital which has as a primary function the provision of inpatient services for psychiatric diagnosis, treatment, and care of persons suffering from mental illness or emotional disturbance, and may also provide treatment for alcohol or drug abuse.

F. *Psychiatric unit* means a department, unit, or other organizational subdivision of a general acute care hospital that has as a primary function the provision of inpatient services for psychiatric

diagnosis, treatment, and care of persons suffering from mental illness or emotional disturbance, and may also provide treatment for alcohol or drug abuse.

G. *Norfolk MSA* means the Norfolk-Virginia Beach-Newport News, Virginia Metropolitan Statistical Area, as defined as of January 1, 1985 by the Office of Information and Regulatory Affairs, Office of Management and Budget, Executive Office of the President.

H. *Midland/Odessa Area* means the area comprising Ector and Midland counties in Texas.

I. *Acquire* a hospital or psychiatric unit means to directly or indirectly acquire all or any part of the stock or assets of a hospital or psychiatric unit, or enter into any other arrangement by which HCA obtains direct or indirect ownership of, or otherwise begins to operate, a hospital or psychiatric unit; *provided, however*, that if an order is issued and becomes final in *Hospital Corporation of America*, FTC Docket No. 9161 [106 F.T.C. 361 (1985)], that requires HCA to obtain the prior approval of, or provide advance notification to, the Federal Trade Commission with respect to any hospital management contracts, then as of that date, *operate a hospital or psychiatric unit* shall be deemed to include management of a hospital or a psychiatric unit pursuant to a management contract.

II.

It is ordered, That within twelve (12) months from the date this order becomes final, HCA shall divest, absolutely and in good faith, all of the stock and assets specified in Schedule A. The purpose of the divestitures is to reestablish the hospitals listed in Schedule A as viable competitors. The divestitures shall be subject to the prior approval of the Federal Trade Commission.

Pending divestiture, whether by HCA or by a trustee as provided for in Section III below, HCA shall continue to operate the facilities to be divested, and take all measures necessary to maintain those facilities in their present condition and to prevent any deterioration, except for normal wear and tear, of any of the assets to be divested so as not to impair their present operating abilities or market value.

For a period of ten (10) years from the date this order becomes final, HCA shall not, directly or indirectly, reacquire any interest in any Schedule A stock or assets required to be divested by this Section II of this order without the prior approval of the Federal Trade Commission.

III.

A. If HCA has not divested all of the properties, assets, or enterprises required to be divested pursuant to Section II of this order within the 12-month period provided therein, the Federal Trade Commission may select a trustee to effect any ordered divestitures yet to be accomplished. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If the Federal Trade Commission should elect to appoint a trustee, it shall not be precluded from seeking civil penalties and other relief available to it for any failure by HCA to comply with this order. If the Federal Trade Commission should not elect to appoint a trustee under this Section III of this order, it shall not be precluded from seeking civil penalties, the appointment by the courts of a trustee to effect the divestitures, and other relief available to it, for any failure by HCA to comply with this order.

B. Any trustee appointed by the Federal Trade Commission pursuant to this Section III shall have the following powers, authority, duties, and responsibilities:

1. The trustee shall have the exclusive power and authority to divest any properties, assets, or enterprises required to be divested pursuant to Section II of this order that have not been divested by HCA within the time period for the divestitures provided therein. The trustee shall have twelve (12) months from the date of appointment to accomplish the divestitures, which shall be subject to the prior approval of the Federal Trade Commission. If, however, at the end of the twelve-month period the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Federal Trade Commission. In addition, any delays in divestiture caused by HCA shall extend the time for divestiture in accordance with the delay caused.

2. The trustee shall have full and complete access to the personnel, books, records and facilities of any property, asset, or enterprise that the trustee has the duty to divest, and HCA shall develop such financial or other information relevant to the properties, assets, or enterprises to be divested as the trustee may reasonably request. HCA shall cooperate with the trustee, and shall take no action to interfere with or impede the trustee's accomplishment of the divestitures.

3. The power and authority of the trustee to divest shall be at the most favorable price and terms available consistent with this order's absolute and unconditional obligation to divest and the purposes of the divestitures as stated in Section II of this order.

4. The trustee shall serve, without bond or any other security, at the cost and expense of HCA on such reasonable and customary terms and conditions as the Federal Trade Commission may set. The trustee shall have authority to retain, at the cost and expense of HCA, such consultants, attorneys, investment bankers, business brokers, accountants, appraisers, and other representatives and assistants as are reasonably necessary to assist in the divestitures. The trustee shall account for all monies derived from the sale and all expenses incurred. After approval by the Federal Trade Commission of the account of the trustee, including fees for his or her services, all remaining monies shall be paid to HCA and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee divesting the trust property.

5. HCA shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, or liabilities to which the trustee may become subject, arising in any manner out of, or in connection with, the trustee's duties under this order, unless the Federal Trade Commission determines that such losses, claims, damages, or liabilities arose out of the misfeasance, negligence, or the willful or wanton acts or bad faith of the trustee.

6. Promptly upon appointment of the trustee and subject to the approval of the Federal Trade Commission, HCA shall, subject to the Federal Trade Commission's prior approval and consistent with provisions of this order, execute a trust agreement that transfers to the trustee all rights and powers necessary to permit the trustee to cause the divestitures.

7. If the trustee ceases to act or fails to act diligently, the Federal Trade Commission shall appoint a substitute trustee.

8. The trustee may ask the Federal Trade Commission to issue, and the Federal Trade Commission may issue, such additional orders or directions as may be necessary and appropriate to accomplish the divestitures required under this order.

9. The trustee shall have no obligation or authority to operate or maintain any of the properties, assets, or enterprises required to be divested pursuant to Section II of this order.

10. The trustee shall report in writing to HCA and the Federal Trade Commission every sixty (60) days concerning the trustee's efforts to accomplish divestiture.

IV.

It is further ordered, That for a period of ten (10) years from the date this order becomes final, HCA shall not, without providing advance

notification to the Federal Trade Commission, acquire: (1) any psychiatric hospital, any psychiatric unit, or any general acute care hospital operating a psychiatric unit, in the Norfolk MSA; or (2) any general acute care hospital in the Midland/Odessa Area. Such advance notification shall be provided when HCA executes a letter of intent or enters into an agreement to make such an acquisition, whichever is earlier.

The notification required by this section shall be the Notification and Report form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations, as amended, and shall be prepared and transmitted in accordance with the requirements of that Part. This notification requirement shall apply to HCA and shall not apply to any party that HCA seeks to acquire. HCA shall also provide at the same time of the filing of the Notification and Report Form supplemental information, either in HCA's possession or reasonably available to HCA, relating to the hospital to be acquired, the HCA hospital(s) in that geographic area, and identification and assessment of the area hospital market, as specified in Schedule B. In addition, HCA shall comply with reasonable requests by Commission staff for additional information within fifteen (15) days of service of such requests.

Provided, however, That no acquisition shall be subject to the notification requirements of this section: (1) if the acquisition is by purchase, and the consideration paid for the hospital or any rights or interest therein, including assumption by HCA of any liabilities, does not exceed one million dollars (\$1,000,000); or (2) if notification of the acquisition is required to be made, and in fact is made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. 18a.

V.

It is further ordered, That HCA shall, within sixty (60) days after the date this order becomes final and every sixty (60) days thereafter until it has fully complied with the provisions of Section II of this order, submit in writing to the Federal Trade Commission a report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with these provisions.

Such compliance reports shall include, in addition to any other information that the staff of the Federal Trade Commission may reasonably request, a summary of all contacts and negotiations with potential purchasers of the stock, assets, or other rights or interests to be divested under this order, the identity and address of all such potential purchasers, and copies of all written communications to and from such potential purchasers.

VI.

It is further ordered, That HCA, upon written request of the Secretary of the Federal Trade Commission or the Director of the Bureau of Competition of the Federal Trade Commission made to HCA at its principal office, for the purpose of securing compliance with this order, and for no other purpose, and subject to any legally recognized privilege, shall permit duly authorized representatives of the Federal Trade Commission:

1. reasonable access during the office hours of HCA, which may have counsel present, to those books, ledgers, accounts, correspondence, memoranda, reports, and other records and documents in HCA's custody, possession or control that relate materially and substantially to any matter contained in this order; and

2. an opportunity, subject to the reasonable convenience of HCA, to interview officers or employees of HCA, who may have counsel present, regarding such matters.

VII.

It is further ordered, That HCA shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed corporate change, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation that may affect compliance with the obligations arising out of this order.

SCHEDULE A: STOCK AND ASSETS TO BE DIVESTED

A. All stock, and all assets (including, but not limited to, properties, licenses, land, and other rights and privileges, tangible or intangible), acquired by HCA directly or indirectly from Forum in connection with any of the following hospitals:

1. Parkview Hospital, in Midland, Texas;
2. Doctors' Hospital of the Permian Basin, in Midland, Texas (a planned new facility which, if and when it is completed, will replace Parkview Hospital);
3. Virginia Center for Psychiatry - Norfolk, in Norfolk, Virginia; and
4. Virginia Center for Psychiatry - Portsmouth, in Portsmouth, Virginia,

including specifically all stock of Doctors' Hospital Permian Basin, Inc. (a Texas corporation), and whatever assets may have been acquired by HCA directly or indirectly from that corporation, from Midland Hospital Corporation (a Texas corporation), or from Norfolk Psychiatric Center, Inc. or Portsmouth Psychiatric Center, Inc. (both Virginia corporations).

B. All improvements made to the hospitals and related assets specified in paragraph A above subsequent to their acquisition by HCA

**SCHEDULE B: SUPPLEMENTAL INFORMATION TO ACCOMPANY
NOTIFICATION OF A HOSPITAL ACQUISITION**

The supplemental information HCA is required to submit with its notification to the Federal Trade Commission of a hospital acquisition, pursuant to Section IV of this order, shall include a full description of the acquisition (including a copy of the acquisition agreement), to the extent such information is not already provided in the Notification and Report form submitted by HCA, and shall also include, where available, patient flow data, annual management and strategic plans, hospital utilization and revenue data, and documents relating to market share, formulation of hospital prices, competitive interaction among area hospitals, implementation of certificate of need standards in the area, planned efficiencies, relations with third-party payers, and physician admitting patterns.

Complaint

106 F.T.C.

IN THE MATTER OF
INTERNORTH, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

Docket C-3168. Complaint, Sept. 30, 1985—Decision, Sept. 30, 1985

This consent order requires InterNorth, Inc. (INI), the Omaha, Neb. acquirer of the Houston Natural Gas Corporation, among other things, to divest within 12 months from the date of the order to a Commission-approved buyer, all the properties listed on Schedule A, and to terminate all rights and obligations it may have on the contracts listed on Schedule B. Should INI fail to complete the required divestiture within the allotted time, a trustee, appointed by the court or the Commission, will be given 18 months from the date of appointment to divest the remaining Schedule A properties. Until those properties are divested, INI is required to use its best efforts to maintain them as ongoing, viable enterprises. The order further prohibits the company, for a period of ten years, from acquiring any assets or interests of a company that is engaging in the gathering or transportation of natural gas in the Permian basin or the Panhandle whose acquisition price is \$15 million or more, and from entering into any agreement or venture for the joint purchasing, gathering, or transportation of natural gas in the Permian basin or the Panhandle without prior Commission approval.

Appearances

For the Commission: *Marc G. Schildkraut.*

For the respondents: *D. Stuart Meiklejohn, Sullivan & Cromwell,* New York City, for respondent InterNorth, Inc. and *Richard D. Kinder,* Houston, Tex., in-house counsel, for respondent Houston Natural Gas Corp.

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent, InterNorth, Inc., a corporation subject to the jurisdiction of the Federal Trade Commission, intends to acquire, or has acquired the stock or assets of respondent Houston Natural Gas Corporation, in violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18), and Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 45), and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, pursuant to Section 11 of the Clayton Act (15 U.S.C. 21) and Section 5(b) of the Federal Trade Commission Act (15 U.S.C. 45(b)) stating its charges as follows: