



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

FTC and State Attorney General Challenge Physician Group Acquisition in North Dakota

Combination of Sanford Health and Mid Dakota Clinic would create physician group with at least 75 percent share of physician primary care and several other healthcare services

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FOR RELEASE

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The Federal Trade Commission has authorized a federal court action to block Sanford Health's proposed acquisition of Mid Dakota Clinic, alleging that the deal would violate antitrust law by significantly reducing competition for adult primary care physician services, pediatric services, obstetrics and gynecology services, and general surgery physician services in the greater Bismarck and Mandan metropolitan area.

The FTC, jointly with the Office of the Attorney General of North Dakota, has filed a complaint in federal district court seeking a temporary restraining order and preliminary injunction to stop the deal and to maintain the status quo pending an administrative trial on the merits of the case.

According to the [complaint](#), Sanford and Mid Dakota are each other's closest rivals in the four-county Bismarck-Mandan region of North Dakota, an area with a population of 125,000.

According to Tad Lipsky, Acting Director of the FTC's Bureau of Competition, "This merger is likely to reduce significantly the competitive options available to medical insurance providers, which in turn will lead to deteriorating terms for provision of medical care, including higher prices and lower quality. The parties currently compete to join commercial insurers' provider networks, stimulating each other to improve their technology, expand services, recruit high-quality physicians and provide patients with convenient and accessible physician and surgical services. The transaction would eliminate that competitive pressure."

The transaction would create a group of physicians with at least 75 to 85 percent share in the provision of adult primary care physician services, pediatric services, and obstetrics and gynecology services. It would be the only physician group offering general surgery physician services in the affected area, according to the complaint.

The possibility of future entry or expansion of services and facilities by other healthcare providers is unlikely to prevent the competitive harm caused by the acquisition.

Sanford Health is a healthcare system headquartered in Sioux Falls, South Dakota, which operates more than 40 hospitals and 250 clinics in nine U.S. states and several countries. It also sells health insurance in four states, including North Dakota. In the Bismarck-Mandan area, subsidiary Sanford Bismarck operates a 217-bed general acute care hospital and a network of primary care and specialty clinics, employing 160 physicians and 100 non-physician healthcare providers.

Mid Dakota provides primary care services, and specialty medical and surgical services primarily in Bismarck, North Dakota. Mid Dakota employs 61 physicians and 19 advanced practice practitioners and operates six clinics in Bismarck, as well as a Center for Women and an ambulatory surgery center.

The Commission voted 2-0 to issue the administrative complaint, and to authorize staff to seek a temporary restraining order and preliminary injunction in federal district court. The federal district court complaint has been filed in the U.S. District Court for the District of North Dakota. The administrative trial is scheduled to begin on November 28, 2017.

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 authorization and filing of the court action and the administrative complaint does not constitute a determination that any law has been violated. A federal district court will assess requests for injunctive relief, subject to appellate review. 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, subject to further review by the FTC and by federal appellate courts.

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PRESS RELEASE REFERENCE:

[After Healthcare System Sanford Health Abandons Acquisition of North Dakota Healthcare Provider Mid Dakota Clinic, FTC Dismisses Case from Administrative Trial Process](#)

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