For Immediate Release:
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Antitrust Lawsuit Being Filed by Connecticut Residents Over Hartford HealthCare Corporation's Anti-Competitive Conduct and Unjustifiably High Prices

Today, Connecticut residents are filing a class action lawsuit alleging Hartford HealthCare Corporation has used anti-competitive methods to charge unreasonably high prices and reduce quality of care at its facilities in ways that would not be possible in a fair, competitive market. Overall prices at Hartford HealthCare's facilities are routinely over 20% higher than their nearest competitor, and the prices for many high-volume procedures - from colonoscopies to blood transfusions - are often hundreds of dollars more than nearby hospitals with better quality ratings.

The lawsuit seeks to halt Hartford HealthCare's unfair practices and to reimburse Connecticut residents for the tens of millions they overpay every month for insurance premiums, deductibles, coinsurance, and copays because of Hartford HealthCare's anti-competitive conduct.

The complaint alleges that Hartford Hospital, Hartford HealthCare's flagship facility, charges substantially higher prices for care than any other hospital in Greater Hartford despite having lower quality. For example, an inpatient stay costs about $4,000 more at Hartford Hospital than it does at a hospital two miles away. Hartford HealthCare also imposes substantially higher prices for outpatient procedures across the state than competitors, including for procedures with little or no quality variation.

These high prices are only possible because Hartford HealthCare first acquired numerous facilities and practices and then leveraged that acquired market power to limit competition and raise prices. For example, Hartford Healthcare purchased a number of "must have" hospitals that are the only inpatient facilities in their communities and generally must be included in insurance networks. Hartford Healthcare then used "all-or-nothing" negotiating to insist that insurers who need access to those "must have" hospitals must also pay unreasonably high prices for Hartford Healthcare's facilities in more competitive markets like Hartford.

Similarly, Hartford HealthCare has used its dominant market power to limit the introduction of insurance products that would reduce costs for Connecticut residents by spurring competition.

The plaintiffs are represented by the law firms Perry Guha, LLP and Fairmark Partners, LLP.

"Connecticut has one of the highest rates of health care spending in the country and patients are being saddled with rising insurance premiums for needed medical care," said E. Danya Perry, a founding partner of Perry Guha. "Through its aggressive contracting practices, acquisition strategy, and pricing, Hartford HealthCare is overcharging consumers and harming the residents, small businesses, and taxpayers of Connecticut. Our suit seeks to put an end to Hartford HealthCare's anti-competitive behavior, which has been driving up insurance premiums across the State."

"Hospital consolidation is a leading cause of rising health care costs nationwide," said Jamie Crooks, managing partner of Fairmark Partners. "These allegations show how a dominant system such as Hartford HealthCare chooses to abuse its market power to charge far higher prices than would otherwise be possible in a competitive market. Antitrust laws exist to protect consumers in these exact situations."

The complaint is accessible here: https://bit.ly/3rMTLDY

Complaint Excerpts:

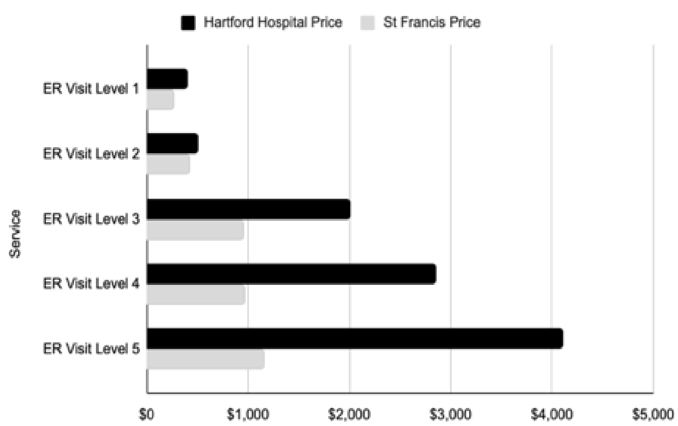
“HHC’s anticompetitive conduct has forced patients and employers in Connecticut to pay higher prices for routine services that are often available at other hospitals only minutes away for substantially less. As a result, Connecticut patients and employers are overcharged tens of millions of dollars every month by HHC. These overcharges come in the form of premiums, deductibles, coinsurance, and copays that are substantially higher than they would be absent HHC’s anticompetitive conduct.”

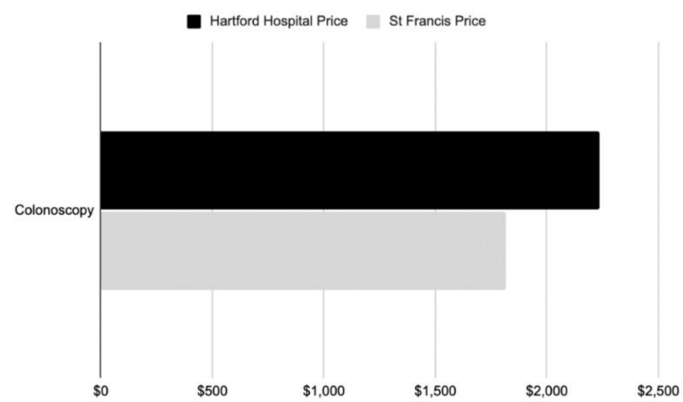
“Anticompetitive contract provisions and negotiating tactics are particularly problematic when a hospital system controls a must-have facility, as HHC does in multiple regions in Connecticut. It is practically impossible to assemble a commercially viable insurance plan in Connecticut that excludes those facilities. In a market with a must-have hospital, even the limited use of these contract provisions or negotiating tactics causes much greater harm to consumers and potential competitors than the use of such practices and provisions in a competitive market.”

“Indeed, a New York Times investigation concluded that HHC 'negotiate[s] prices as a single entity, forcing health insurers to include all of their hospitals in a network or risk losing access in areas where there are no alternatives.'"

“Despite claiming non-profit status, HHC’s profit margins are projected to be over 8% in the coming years, which will result in HHC extracting roughly $400 million per year in profits from Connecticut residents [...] In addition to funding acquisitions to further grow its market power, HHC uses these large profits to pay the executives of a supposed charitable institution staggering sums. The CEO of HHC paid himself over $4 million from the “charity” in the most recent full year of reporting.”

“[T]he price for a Level 1 ER visit – the least serious kind – is over 50% higher at HHC’s Hartford Hospital than at nearby St. Francis. A level 5 visit is nearly three times as expensive, and results in a nearly $3,000 overcharge by HHC relative to St. Francis for every Level 5 ER visit.”





“Overall, HHC’s prices are about 2.5 times the Medicare reimbursement rate for outpatient procedures and HHC is by far the most expensive large provider of outpatient services in Central Connecticut.”

“HHC has acquired dozens of physicians who were formerly independent or affiliated with smaller hospitals. After such acquisitions, HHC is able to force commercial insurance plans to pay HHC’s substantially higher prices for services from the same physician. Absent HHC’s restrictions on commercial health plans that keep such insurers from excluding these costlier services from their networks, or directing their patients to cheaper alternatives, HHC would not be able to continue to charge these artificially inflated rates.”