

FTC Takes Action to Block Hospital Transactions in Utah and New Jersey

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On June 2, 2022, the Federal Trade Commission announced a pair of antitrust enforcement actions to block pending health system transactions that, according to it, would harm competition in the provision of inpatient general acute care hospital services.

First, the FTC [authorized](#) filing of an administrative complaint and accompanying federal lawsuit in opposition to a proposed transaction between HCA Healthcare and Steward Health Care System involving hospitals in Utah (the “Utah Transaction”). HCA and Steward are “healthcare competitors” in Utah which the FTC describes as, respectively, the second and fourth-largest healthcare systems in the Wasatch Front region of Utah (which contains approximately 80% of Utah residents). The FTC alleges that the Utah Transaction would reduce the number of systems offering inpatient general acute care hospital services, significantly increase market concentration, and eliminate a low-cost competitor that could enable the surviving entity to command higher commercial reimbursements that lead to higher cost-sharing obligations for consumers. Interestingly, according to the FTC, its complaint will name the CEO and controlling shareholder of Steward individually, in addition to naming HCA and Steward.

Second, the FTC similarly [authorized](#) filing of an administrative [complaint](#) and a federal lawsuit to stop the proposed acquisition in New Jersey (the “New Jersey Transaction”) of Saint Peter’s Healthcare System by RWJBarnabas Health. The FTC alleges that the New Jersey Transaction would harm competition for inpatient general acute care services in Middlesex County, NJ, where the combined system would have an approximate commercial market share of 50% for those services. The FTC’s Bureau of Competition Director notes in a press release that Saint Peter’s and RWJ have the only hospitals in New Brunswick, NJ, and according to the FTC, each party sees the other as its most significant competitor. In this case, the FTC also expresses concerns that allowing the New Jersey Transaction to proceed would eliminate competition, increase market concentration, and allow RWJ to obtain higher commercial reimbursements from insurers with fewer options, which the FTC states “will harm consumers.”

Notably, the FTC vote in favor of filing both cases was unanimous (5-0). The taking of these actions by the FTC shows the government’s continued concern with competition and consolidation in the health care market. We will continue to monitor developments in these cases and other antitrust matters as they progress.

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