Idaho Hospital Turf War Escalates With Lawsuit

John Miller, Associated Press

BOISE, Idaho (AP) — A southwestern Idaho hospital turf war escalated Monday with medical groups suing a rival in federal court to block its latest expansion plan.

St. Alphonsus Regional Medical Center is the main plaintiff behind an antitrust lawsuit meant to halt Boise-based St. Luke's Health System from buying physician-owned Saltzer Medical Group, which has many of its offices in Nampa.

In U.S. District Court, St. Alphonsus argues St. Luke's acquisition of Saltzer's facilities threatens to monopolize a broad series of markets, increasing costs, reducing quality — and crippling St. Alphonsus' Nampa hospital. The lawsuit was filed as federal and state regulators have separately been scrutinizing St. Luke's advances toward Saltzer.

"St. Luke's will gain a near monopoly share in the Nampa, Idaho market for adult primary care physician services market," St. Alphonsus lawyers wrote in their 42-page complaint seeking a judge to stop St. Luke's purchase. "It will continue its practice of foreclosing virtually all competition for the hospital admissions of the physician practices it acquires."

In addition to blocking the deal, St. Alphonsus wants St. Luke's to be forced to pay it three times damages and attorney fees, customary for antitrust cases.

Because St. Alphonsus's Nampa hospital depends on Saltzer for many of its patients, it said allowing the transaction to proceed could result in 140 layoffs.

Other plaintiffs include Treasure Valley Hospital Limited Partnership, a private surgical venture with St. Alphonsus with locations in Boise and Nampa, which contends St. Luke's anticipated purchase could force it to lay off 10 percent of its staff and cancel or delay planned capital improvements.

Catholic-owned St. Alphonsus is a part of Michigan-based Trinity Health, which runs the nation's 10th-largest health system.

Elizabeth Duncan, a St. Alphonsus spokeswoman in Boise, contends St. Luke's has established a pattern of cutting off patient referrals to nearby hospitals after it buys up physician groups like Saltzer.

"This is all about patient choice," Duncan said. "St. Alphonsus took this step reluctantly. ... It was essential to protect the Nampa community and the public."

Ken Dey, a spokesman for St. Luke's in Boise, contends that St. Alphonsus makes numerous inaccuracies in its legal filing.

"It's being portrayed as if St. Luke is taking over Saltzer, but the reality is, Saltzer approached us about entering into a partnership," he said. "They approached St. Als, too. Saltzer obviously felt St. Luke's was the best."

St. Luke's is an Idaho-based not-for-profit health system that's been on an expansion tear lately, growing to become Idaho's largest employer. It has acquired more than 20 physician practices, five hospitals and four surgery centers in just a few years.

This activity has attracted the attention of Federal Trade Commission regulators as well as the Idaho Attorney General Lawrence Wasden, whose office has urged St. Luke's to delay completing its Saltzer transaction pending its own review.

Just last week, Wasden complained St. Luke's hasn't yet provided necessary documents to help his office determine if the Saltzer transaction complies with the Idaho Competition Act.

"To proceed to close under such circumstances is not constructive and counter-productive," Wasden's office warned on Thursday, according to court documents. "Indeed, such a strategy would appear designed to invite litigation."

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