



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice today filed a civil suit to prevent Hospital Affiliates International Inc. ("HAI"), of Nashville, Tennessee, a subsidiary of INA Corporation of Philadelphia, Pennsylvania, from acquiring the stock of American Health Services Inc. ("AHS"), of Washington, D.C. Both HAI and AHS own, operate, lease and manage hospitals, among other activities.

The suit alleges that HAI now owns all of one private psychiatric hospital in New Orleans, Louisiana, and half of another and that the merger would give the firm full ownership of the only remaining one.

The acquisition is scheduled to be consummated on or about September 30, 1980, for a purchase price of approximately \$16.5 million. Attorney General Benjamin R. Civiletti said the suit was filed in U.S. District Court in New Orleans.

It alleges violations of Section 7 of the Clayton Act--which prohibits anticompetitive mergers--and Section 2 of the Sherman Act--which prohibits monopolization--and includes a motion for a temporary restraining order and preliminary injunction barring consummation of the transaction.

Sanford M. Litvack, Assistant Attorney General in charge of the Antitrust Division, said the complaint alleges that the acquisition will have adverse competitive effects in two markets in the New Orleans area: the market for in-patient psychiatric care provided by private psychiatric hospitals and general acute-care hospitals and the market for in-patient psychiatric care provided by private psychiatric hospitals.

(MORE)

HAI owns 100% of Coliseum House Medical Center and 50% of River Oaks Hospital, both of which are private psychiatric hospitals in New Orleans. AHS leases and manages the only other private psychiatric hospital in the New Orleans area, DePaul Hospital.

If consummated, the acquisition would result in HAI controlling 72% of all licensed psychiatric hospital beds (excluding those in hospitals owned by the federal government or the State of Louisiana) in the New Orleans area and 100% of the licensed private psychiatric hospital beds in the New Orleans area.

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