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instituted under Section 4 of the Sherman Act (15 U.S.C. § 4) in order to prevent and restrain violation by defendants of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. Defendants maintain offices, transact business, and are found within the Southern District of Iowa.

II.

DEFENDANTS

3. Defendant Hospital Association of Greater Des Moines, Inc. ("HAGDM"), is a nonprofit corporation organized and existing under the laws of the State of Iowa, located in Des Moines, Iowa. HAGDM was incorporated in 1976 and is a trade association for general and specialty hospitals located in Polk County, Iowa. HAGDM's current membership includes six of the seven acute-care hospitals in Polk County, including the other defendants named herein and the Department of Veterans Affairs Medical Center in Des Moines.

4. Defendant Broadlawns Medical Center ("Broadlawns") is a 214-bed county public hospital organized and existing under the laws of the State of Iowa, located in downtown Des Moines, Iowa. Broadlawns is a member of HAGDM and its Chief Executive Officer ("CEO") serves as a director of HAGDM.

5. Defendant Des Moines General Hospital Company ("DMGHC") is a nonprofit corporation organized and existing under the

laws of the State of Iowa, located in Des Moines, Iowa. DMGHC operates Des Moines General Hospital ("DMGH"), a 150-bed, acute-care, nonprofit, osteopathic hospital located in Des Moines, Iowa. DMGH is currently managed by Quorum Health Resources, Inc., which has its principal place of business in Nashville, Tennessee. DMGH is a member of HAGDM and its COO serves as a director of HAGDM.

6. Defendant Iowa Lutheran Hospital ("ILH") is a 333-bed, acute-care, nonprofit hospital corporation organized and existing under the laws of the State of Iowa, located in Des Moines, Iowa. Fairview Hospital & Healthcare Services, Inc., which has its principal place of business in Minneapolis, Minnesota, is the sole member of ILH. ILH is a member of HAGDM and its CEO serves as a director of HAGDM.

7. Defendant Iowa Methodist Medical Center ("IMMC") is a 680-bed, acute-care, nonprofit hospital corporation organized and existing under the laws of the State of Iowa, located in Des Moines, Iowa. Iowa Methodist Health System, Inc., which has its principal place of business in Des Moines, Iowa, is the sole member of IMMC. IMMC is a member of HAGDM and its CEO serves as a director of HAGDM.

8. Defendant Mercy Hospital Medical Center, Des Moines, Iowa ("Mercy"), is a 520-bed, acute-care, nonprofit hospital

corporation organized and existing under the laws of the State of Iowa, located in Des Moines, Iowa. Mercy Health Center of Central Iowa, Inc., which has its principal place of business in Des Moines, Iowa, is the sole member of Mercy. Mercy is a member of HAGDM and its CEO serves as a director of HAGDM.

III.

TRADE AND COMMERCE

9. Defendant HAGDM is comprised of independent acute-care hospitals. Each of the other defendants is a member of HAGDM. Defendants Broadlawns, DMGHC, ILH, IMMC, and Mercy (hereinafter referred to as "defendant hospitals") are or operate general acute-care hospitals that provide a variety of services in connection with the diagnosis, care, and treatment of patients. These defendant hospitals compete with each other for patients residing in Polk County, Iowa, and nearby areas. With the exception of one small hospital and the Department of Veterans Affairs Medical Center, the defendant hospitals are or operate the only general acute-care hospitals in Polk County.

10. General acute-care hospitals compete for patients on the basis of price, quality, and services. Hospitals endeavor to increase admissions by attempting to influence patients in their choice of facility, by trying to persuade physicians to refer patients to their facility, and by contracting with

third-party payers who can influence hospital utilization by their enrollees. General acute-care hospitals strive to increase admissions, in part, by using advertising to inform patients, physicians, and third-party payers about the quality, price, and range of services offered by their hospital.

11. On October 26, 1989, the defendant hospitals formally approved a document entitled "Guidelines on Advertising" that was prepared under the auspices of defendant HAGDM. In approving this document, each defendant hospital agreed to establish policies at their hospitals that conformed to this document. The "Guidelines on Advertising" provided that each hospital would limit the amount of advertising that it would buy to a predetermined amount, and would refrain from using certain types of advertising relating to the quality of services offered by the hospital.

12. Defendant hospitals purchase substantial amounts of supplies and equipment from out-of-state vendors that are shipped across state lines. The United States Government sends from outside Iowa substantial amounts of funds to the defendant hospitals to pay for treatment provided to federal government employees and Medicare and Medicaid recipients residing in Iowa. The defendant hospitals also provide hospital services to other patients for which they receive substantial payments

remitted across state lines from patients or third-party payers in states other than Iowa. Some defendant hospitals are managed or owned by corporations located in states other than Iowa.

Therefore, the general business activities of defendants, and the acts and practices described herein, are within the flow of, or have a substantial effect upon, interstate commerce.

IV.

VIOLATION ALLEGED

13. Beginning at least as early as October 26, 1989, and continuing until the date of this Complaint, defendants have engaged in a continuing combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. This offense is likely to continue unless the relief prayed for is granted.

14. The combination and conspiracy consists of a continuing agreement, understanding, and concert of action among defendants to limit the types and amount of advertising in which each defendant hospital engages, thus diminishing competition among the defendant hospitals for patients, physician referrals, and third-party contracts.

15. In furtherance of this combination and conspiracy, the defendant hospitals and defendant HAGDM did those things which they combined and conspired to do, including, among other things:

- (a) agreeing to limit the advertising expenditures at their hospitals to 1/3 of 1% of their respective previous year's operating expenses;
- (b) developing, approving, and adopting guidelines that preclude the defendant hospitals from engaging in certain types of advertising that inform the public about the quality of services provided by the defendant hospitals; and
- (c) agreeing to establish an operating policy at their hospitals in conformance with the agreement to limit advertising expenditures and to refrain from engaging in certain types of competitive advertising, and to adhere to that operating policy.

V.

EFFECTS

16. The combination and conspiracy has had the following effects, among others:

- (a) price and quality competition among the defendant hospitals for the sale of hospital services to patients and third-party payers, and for physician referrals, has been unreasonably restrained;
- (b) patients, physicians, and third-party payers wishing to purchase or recommend hospital services have been deprived of information necessary for them to make informed choices on the selection of hospitals; and
- (c) patients, physicians, and third-party payers have been deprived of the benefits of free and open competition in the sale of hospital services.

VI.

PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that defendants have engaged in an unlawful combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act.

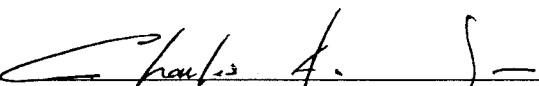
2. That each defendant, its officers, directors, agents, employees, successors, and assigns, and all other persons acting or claiming to act under, through, or for any defendant,

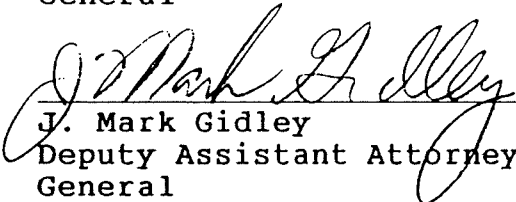
be enjoined and restrained for a period of 10 years from, in any manner, directly or indirectly, continuing, maintaining, or renewing the alleged combination and conspiracy, and from entering into, maintaining, or engaging in any other combination, conspiracy, contract, agreement, understanding, or concert of action or adopting or following any practice, plan, program, or device having a similar purpose or effect as the alleged combination and conspiracy.


3. That defendants be required to institute a comprehensive compliance program to ensure that defendants do not enter into, maintain, or participate in any contract, agreement, understanding, plan, program, or other arrangement having a purpose or effect of continuing or renewing such combination and conspiracy, and that defendants are fully informed of the application of the antitrust laws to joint activities between hospitals.

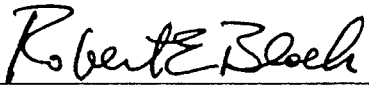
4. That plaintiff have such other and further relief as the nature of the case may require and the Court may consider just and proper.


DATED: September 22, 1992


Charles A. James
Acting Assistant Attorney
General

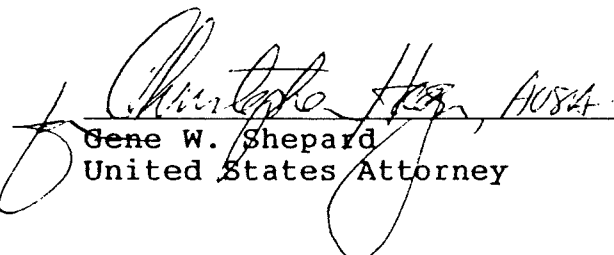

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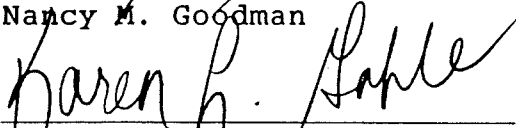

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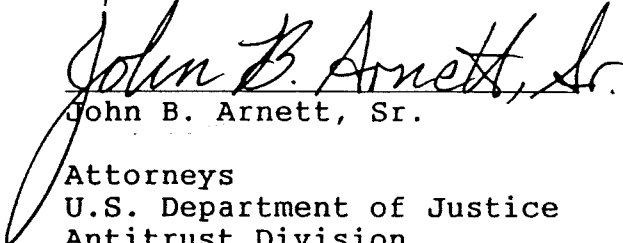

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