

Dear PBGH Members,

The Pacific Business Group on Health (PBGH) is pleased that a [settlement](#) has been reached in the lawsuit against Sutter Health System regarding alleged consolidation practices. The anti-competitive behaviors alleged in the lawsuit by the Attorney General and the United Food and Commercial Workers International Union and Employers Benefit Trust have been similar to the experiences of many PBGH members and other large employers for many years. This settlement sends a clear signal that patients and employers are actively trying to ensure there is a functional, affordable health care market and will actively defend themselves against anti-competitive practices.

This landmark lawsuit and \$575 million settlement, in tandem with federal and state legislation addressing anti-competitive practices, will go far in deterring health care providers from using similar contracting practices to gain unfair market power and increase prices above the competition. It is our hope that leaders of large health care systems will abandon any anti-competitive practices and channel their energy towards delivering high-quality, affordable care for patients.

We are pleased to see that the settlement includes prohibitions on anti-competitive practices in the future, as well as penalties for past practices. The restrictions on out-of-network prices, anti-tiering, and other unfair contract terms, along with requirements for increased transparency regarding costs and quality are particularly vital to employers and consumers.

For too long, high health care costs have crowded out funds for innovation, investment and job growth for California employers. This settlement will not only support a functional health care market but will positively contribute to California's economy.

Over the coming days, PBGH staff will be thoroughly reviewing the details of the \$575 million settlement and will assess the impact of the included provisions.



Elizabeth Mitchell
President & CEO