

Lower Your Business Costs by Restoring Market Competition in Health Care

An unexpected financial windfall is on the horizon for California employers and health care purchasers. PBGH brought employers and unions together with California's Attorney General to successfully file a class action suit against Sutter Health's use of market power and monopolistic business practices that cost employers and employees. This has been a 10-year effort by PBGH that was settled December 2019.

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BUSINESS | HEALTH CARE | HEALTH

Hospitals Merged. Quality Didn't Improve.

The quality of care at hospitals acquired during a recent wave of deal making got worse or stayed the same, new research found

Details of the Landmark Settlement

The settlement: \$575 million

10-Year injunctive relief: Potential greater dollar value to employers and purchasers:

- Limit chargemaster increases
- Reduce surprise billing
- Prevent all-or-nothing contracting practices

The Price Employers Paid

Sutter's profit from commercially insured patients averaged over \$1.5 billion annually, representing a 43% margin more than the last decade.¹

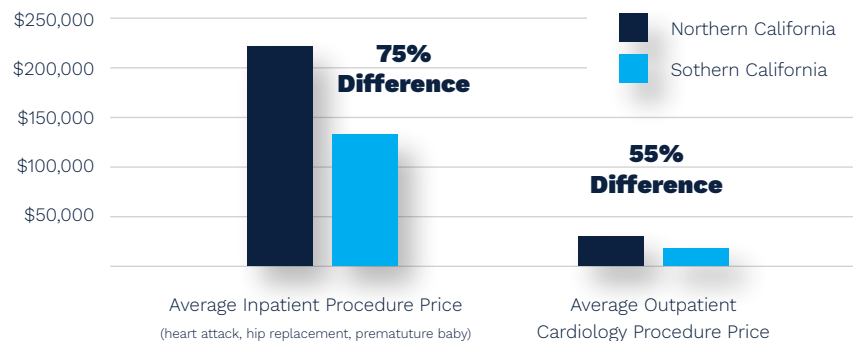
Average hospital inpatient procedures in Northern California cost \$223,278 compared to \$131,586 in the South.²

The Windfall for Employers

California-based companies, government entities and labor trusts will receive a payout based on past medical claims overpayments to Sutter Health.

Estimated average payout per entity: \$243,000*

Hospital Consolidation Impact on Price



Key Dates

April 2014	Lawsuit filed against Sutter Health
August 2017	Court authorizes Class action
March 2019	California Attorney General joins lawsuit
December 2019	Settlement negotiated
March 2021	Preliminary approval expected
July 2021	Final approval and settlement disbursement projected

Questions? Please reach out to Elizabeth Mitchell, PBGH's CEO, to discuss the Sutter case in further detail and its potential impact on health care markets nationwide: emitchell@pbgh.org

¹ Glenn Melnick, PhD. Analysis of OSHPD hospital claims, as cited in the Declaration of Emilio E. Varanini in Support of the Attorney General's Determination that Further Delay Is Contrary to the Public Interest in Plaintiffs' Opposition to Sutter's Motion for Continuance, July 9, 2020.

² Consolidation in California's Health Care Market 2010-2016: Impact on Prices and ACA Premiums, Nicholas C. Petris Center on Health Care Markets and Consumer Welfare, School of Public Health, University of California, Berkeley, March 26, 2018. Accessed at: http://petris.org/wp-content/uploads/2018/03/CA-Consolidation-Full-Report_032618.pdf

*Payout assumptions based on: (1) all Class Members timely submit the Claim Form, (2) Class Counsel have correctly counted 1,484 Class Members, (3) the Court grants the joint petition for attorneys' fees, expenses, and a service award, and (4) settlement administration expenses total \$350,000. Any or all of these assumptions could prove to be incorrect.