

## Business

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### Memorial Hermann business practices examined

Texas attorney general seeks out documents and interviews

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The Texas attorney general has asked numerous insurance companies, hospitals and individuals about the business practices of Memorial Hermann Healthcare System and possibly others in the health care industry, the Houston Chronicle has learned through an open records request.

The request for documents and interviews — in the form of 30 "demand letters" going back to June 2006 through this January — comes after a complaint from doctor-owned startup Houston Town & Country Hospital of antitrust behavior by Memorial Hermann.

A later lawsuit filed by doctors from Town & Country contends that Memorial Hermann coerced insurance companies to boycott the smaller hospital.

Attorney General Greg Abbott's antitrust division's most recent demand letter says it "is investigating the possibility of restraint of trade of one or more markets within the health care industry in the state of Texas."

Sent in January to an official at HCA, the latest letter says the investigation is focusing on possible violations of the Texas Free Enterprise and Antitrust Act section that bans contracts and conspiracies in restraint of trade or commerce.

HCA, the only other large hospital group that received a demand letter, is not a target of the investigation, according to its Dallas-based lawyer Wilson Jones.

The Chronicle obtained the 30 civil investigation demand letters in response to a request filed with the attorney general's office, which would not comment on the investigation.

The recipient of a demand letter is not necessarily a target of the investigation but may have information the state wants as it continues an investigation of another party.

It's unclear where the inquiry is headed, but it could end with no action by the state.

Or it could also end in a negotiation with Memorial Hermann and possibly others in the Texas health care industry.

The law allows the attorney general to file a civil suit seeking financial penalties or to intervene in an existing civil lawsuit, like the Town & Country hospital doctors' claim against Memorial Hermann.

"Although the attorney general's office is still conducting an investigation into Memorial Hermann's business practices, it has not yet filed an antitrust suit against anyone," Memorial Hermann noted in a March request that a state appellate court overturn an order by state District Judge John Donovan.

### Copies ordered

Donovan is overseeing the lawsuit between Town & Country doctors and Memorial Hermann.

He recently ordered that the hospital system provide the suing doctors with copies of everything Memorial Hermann provided the attorney general. Memorial Hermann is fighting that order.

Beth Sartori, spokeswoman for Memorial Hermann, said Tuesday: "The office of the Texas attorney general notified Memorial Hermann in November 2006 that it was looking into competition in the Houston health care market. We have complied with all requests for materials and interviews. Out of respect for the process, we have no further comment."

The state attorney general sent demands for sworn oral testimony from at least eight current or former Memorial Hermann officials, including CEO Dan Wolterman.

The Texas attorney general also specifically asked about Wolterman and Memorial Hermann when seeking documents from Healthcare Research & Development Institute, a for-profit business owned by CEOs of leading hospitals, including Wolterman.

### Disbanded and restructured

HRDI was disbanded in an antitrust settlement with the attorneys general of Connecticut and Florida.

The group was funded by health care vendors like pharmaceutical companies, and the hospital CEOs were paid for consulting with vendors at closed-door conferences. The group restructured