

Sutter Health settles years-long lawsuit

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Patients of Crescent City’s Sutter Coast Hospital, a subsidiary of not-for-profit Sutter Health, headquartered in Sacramento, may well have more billing and pricing options thanks to the resolution of a class-action lawsuit that has been percolating in the courts for more than five years.

Sutter Health agreed Dec. 20 to a \$575-million settlement in an antitrust case filed by California Attorney General Xavier Becerra and co-plaintiffs United Food and Commercial Workers International Union & Employers Benefit Trust (UEBT).

The two had accused the healthcare provider of using its market dominance in northern California to illegally drive up prices.

UEBT filed the lawsuit April 7, 2014 representing employers, unions and local governments whose workers use Sutter services, alleging that Sutter had imposed “price secrecy, all-or-nothing, and anti-tiering provisions in its contracts with the health plans, and that its restrictive conduct violated the Cartwright Act and Unfair Competition Law.”

Sutter Health officials at the Crescent City facility referred to a statement released by Sutter Health Senior Vice President and General Counsel Flo Di Benedetto:

“We were able to resolve this matter in a way that enables Sutter Health to maintain our integrated network and ability to provide patients with access to affordable, high-quality care.

“Together with the attorney general, the parties selected an experienced monitor who will oversee the agreement, which specifies parameters for contracting between Sutter Health and insurance companies going forward,” said Di Benedetto in the statement.

“There were no claims that Sutter’s contracting practices with insurance companies affected patient care or quality.”

Di Benedetto said Sutter Health has invested nearly \$10 billion in new technologies and state-of-the-art facilities over the last decade, adding that “we will have to evaluate future capital investments based on the impact of the settlement.”

Di Benedetto’s statement said Sutter Health had made no admission of wrongdoing in the settlement and said no court has found Sutter in violation of any laws.

“Our settlement with Sutter represents an extraordinary result for working people, their employers, and every Californian who has struggled with the high cost of healthcare,” UEBT Chair Jacques Loveall said in a prepared statement.

The attorney general filed his complaint in March 2018, seeking to end Sutter’s challenged practices and to implement measures to restore competition, as well as petitioning for repayment of alleged overcharges.

The terms of the agreement have been submitted to San Francisco Superior Court and are subject to the approval of Judge Anne-Christine Massullo. Her preliminary ruling is expected in February.

The settlement’s terms include requirements for Sutter to:

- Limit what it charges patients for out-of-network services
- Allow insurers and employers to give patients pricing information, thereby increasing the process’s transparency
- And cease bundling services and products, and switch to standalone pricing.