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ATTORNEY GENERAL MASTO ANNOUNCES SETTLEMENT TO RESTORE COMPETITION FOR HEART CARE IN RENO AND SPARKS

Renown Health Cardiologists To Be Released From Non-Compete Terms

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto announced the filing of a lawsuit and a settlement today against Renown Health, the largest hospital provider in Reno, involving its acquisition of the two largest cardiology practices in Reno, Reno Heart Physicians and Sierra Nevada Cardiology Associates.

“My office worked closely with the Federal Trade Commission,” said Masto. “The settlement with Renown Health restores competition for cardiology services in the Reno Sparks area as quickly as possible. Renown Health will release a certain number of its cardiologists from their employment contracts, freeing them to practice either as employees of other health care entities or as part of independent medical practices in Reno or Sparks.”

The acquisition of two of the largest cardiology practices resulted in Renown Health becoming the employer of 88 percent of the cardiologists that regularly practice in the Reno Sparks area. The settlement directs Renown Health to suspend enforcement of certain non-compete terms in its employment agreements with cardiologists so that competition can be restored in this market.

The lawsuit’s complaint alleges that Renown Health violated state and federal antitrust laws when it acquired Reno Heart Physicians after acquiring Sierra Nevada Cardiology Associates. The complaint alleges that the consolidation of these two practices into one increased the bargaining power of Renown Health and may lead to higher prices for cardiology services in the Reno Sparks area. The complaint further states that the non-compete terms in the employment agreements between Renown Health and its cardiologists are an entry barrier into this market, as the non-compete terms deter cardiologists from joining medical practices in competition with Renown Health should they leave its employment.

The settlement subject to court approval, specifies the process that Renown Health must follow in suspending the non-compete terms in its employment agreements with the acquired cardiologists. For a limited time period, Renown Health’s cardiologists may explore other employment and professional opportunities in the Reno Sparks area.

During this period, Renown Health cannot interfere with those discussions and cannot enforce the non-compete terms prohibiting those discussions.

Cardiologists may terminate their employment with Renown Health without risk of breaching the non-compete terms or other retaliation if the following conditions are met by the cardiologist:

- Submits notice of an intention to terminate employment with Renown Health to a monitor who has been appointed by the Attorney General for the purpose of assuring confidentiality;
- States his or her intention to continue to practice in the Reno Sparks area for at least one year;
- Must be among the first ten cardiologists to submit notice to terminate employment; and
- Leaves employment with Renown Health within 60 days of Renown Health receiving notice from the monitor.

If at the end of this period, less than six cardiologists have notified the monitor of their intent to terminate employment, the period in which cardiologists may continue to explore other opportunities and leave Renown Health's employment without penalty will remain open until six cardiologists have terminated their employment with Renown Health. This ensures at least six cardiologists can leave Renown Health's employment, and in turn remedy the decreased competition alleged in the complaint.

This process involving the non-compete terms is the same process that Renown Health will follow in a parallel action brought by the Federal Trade Commission pursuant to its own administrative process.

The settlement also provides this relief:

- Renown Health shall provide the Attorney General advance notification of future acquisitions affecting cardiology services in the Reno Sparks area;
- Renown Health shall implement an antitrust compliance program for its executive and cardiology staff intended to ensure settlement and antitrust law compliance; and
- Reimbursement of the Attorney General's fees and costs resulting from the investigation (currently, \$550,000).

In the event of non-compliance with the settlement, Renown Health would be subject to monetary penalties, injunctive relief, and other relief the court deems appropriate.

Filed in the United States District Court, District of Nevada, the lawsuit is called The State of Nevada v. Renown Health, No. 3:12-cv-00409.

Click the links for a copy of the [final judgment](#) and [complaint](#) .

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