Another hospital accused of creating a monopoly in southeastern Idaho

A lawsuit claims Pocatello’s Portneuf Medical Center forced out potential competition in the form of a private surgical center by controlling the area’s anesthesiologists.

Terry Elquist, who sold an outpatient surgical center to the hospital in 2009 and subsequently worked for the hospital until 2011, is alleging the hospital used its influence with an anesthesiology group, which has an exclusive contract to offer anesthesia services to the hospital, to kill the idea of Elquist’s surgical center before it could get off the ground, according to the lawsuit.

The group, Anesthesia Associates of Pocatello, promised to drop Elquist’s medical consulting contract if he didn’t agree to abandon his idea of starting the competing surgical center and sign a document that would prevent him from opening any similar business in a 100-square mile radius, the lawsuit alleges. Elquist alleges that pressure from the hospital’s administrators forced Anesthesia Associates to go along with the hardball tactic.

“The demand for a 100 mile co-compete radius of Pocatello was intended to be punitive and excessive and super-protection from competition as it would have prohibited a quality cost-efficient surgery center even beyond the borders of the state of Idaho,” says the suit, which was moved to the Idaho district of Federal Court on Feb. 8.

Portneuf Medical Center and its parent companies have filed a motion to dismiss, arguing that even if they did pressure the anesthesiologists to drop Elquist’s consulting and management company, called Rocky Mountain Medical Management, that did not stop him from starting another business.

“And nothing in the (lawsuit) explains how the end of (Rocky Mountain Medical Management’s) tenure as (Anesthesia Associates of Pocatello’s) office manager stopped Elquist from opening a surgery center,” according to court documents supporting the motion. “There is no obvious causal connection, or even any clear relationship at all, between the two.”

Portneuf’s arguments also claim that the antitrust claims in the lawsuit are “implausible and inadequately pleaded.”

One of Elquist’s attorneys, Lowell Hawkes, said that the anesthesia group represented enough of the working anesthesiologists in the Pocatello area, that a surgery center would not be viable without their services.

The lawsuit alleges that Portneuf is overcharging patients due to the lack of competition in the area and that Elquist was confident he could have started a much cheaper option. It states that officials with Portneuf “became concerned about having a more efficient and less-costly competing surgery center in Pocatello, Idaho, when they heard the response to opening a surgery center in Pocatello, Idaho, was favorable.”
Elquist paints the anesthesiologists as victims caught in the middle of the dispute between himself and the hospital, alleging that the group was first excited about a new surgery center, but later told him that they were being forced to oust him as the group’s office manager because of their valuable contract with the hospital.

The anesthesiologist group eventually did drop Elquist’s management services.

The lawsuit is the second allegation that a major health care operator in Idaho is using its size and connections with local physician groups to muscle out competition and increase patient costs.

Saint Alphonsus Health Systems and Treasure Valley Hospital sued St. Luke’s after the health care giant took steps to acquire the largest independent physician group in the state, Saltzer Medical Group. St. Luke’s acquired the group at the end of 2012.

St. Luke’s officials have said they are adding more physician groups to make their system more efficient and eventually lower all health care costs. Saint Alphonsus and TVH allege that St. Luke’s has created a monopoly in Nampa and will use it to price-gouge their customers. The Federal Trade Commission and the Idaho Attorney General’s office joined the lawsuit against St. Luke’s in March.