

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM	§	Case No. 24-90213 (CML)
LLC, et al.,	§	
	§	(Jointly Administered)
Debtors.¹	§	
	§	

**OBJECTION TO THE SALE OF WADLEY REGIONAL MEDICAL CENTER
(TEXARKANA) TO CHRISTUS HEALTH ARK-LA-TEX**

Comes now, DPN Properties, LLC (“DPN”), by and through undersigned counsel, and files this objection to the proposed sale of Wadley Regional Medical Center (“Wadley”) to CHRISTUS Health Ark-La-Tex (“Christus”) pursuant to the Asset Purchase Agreement dated August 30, 2024 (the “APA”). DPN has a significant interest in these proceedings as it and its members own substantial property and are major employers in the region. As such, DPN has standing to object to this transaction, as the outcome of this sale will have a direct and substantial impact on the value of its property and the economic vitality of the community where it operates. The potential monopolization of healthcare in the region would adversely affect DPN’s business operations, workforce, and community investments.

In addition, DPN notes the recent formation of the Department of Justice’s Task Force on Health Care Monopolies and Collusion (HCMC), announced by Assistant Attorney General Jonathan Kanter in May 2024. The HCMC was specifically established to investigate and combat monopolistic practices and collusion within the healthcare industry, which the proposed sale of Wadley to Christus clearly exemplifies. The Justice Department has highlighted that healthcare monopolies result in higher costs, decreased quality of care, and fewer choices for patients and healthcare providers---exactly the dangers posed by this sale. The HCMC’s stated goals of addressing payer-provided consolidation, which limits competition and negatively impacts labor conditions and care quality, are directly relevant here.

In support of this objection, DPN states as follows:

Creation of a Healthcare Monopoly

The sale of Wadley to Christus will result in a substantial consolidation of healthcare services under a single provider in the Ark-La-Tex region. Christus already maintains significant market share in this area, and the acquisition of Wadley will effectively eliminate competition, creating a near-monopoly in the healthcare market. This concentration of power is antithetical to principles of fair competition and will:

- Reduce patients' choices for healthcare providers.
- Decrease the quality of care due to lack of competitive pressure.
- Increase costs for patients, employers, and insurers due to reduced market competition.

As Assistant Attorney General Jonathan Kanter emphasized, “Every year, Americans spend trillions of dollars on health care, money that is increasingly being gobbled up by a small number of payers, providers, and dominant intermediaries that have consolidated their way to power in communities across the country.” The Justice Department’s creation of the HCMC underscores the growing concern over monopolistic practices that increase costs, decrease quality, and create single points of failure in the healthcare industry—issues that this sale would perpetuate in the Ark-La-Tex region.

Detrimental Impact on Healthcare Professionals

The proposed sale to Christus will negatively impact doctors, nurses, and other healthcare professionals in several ways:

- **Limited Employment Opportunities:** With fewer independent healthcare providers, professionals in the region will have fewer options for employment. This lack of choice may lead to lower wages, reduced benefits, and poorer working conditions as Christus will not need to compete for talent.
- **Professional Autonomy:** Physicians may face increased restrictions under the Christus corporate structure, limiting their ability to make patient-centric decisions.
- **Retention and Recruitment Challenges:** The monopoly would reduce the attractiveness of the Ark-La-Tex region as a place to practice medicine, as healthcare professionals generally prefer regions with multiple employers and competitive compensation packages.

The HCMC Task Force has also expressed concern about the effects of healthcare monopolies on the labor market, noting that “payer-provider consolidation” and “serial acquisitions” can stifle competition, limit employment options, and degrade working conditions. These concerns are particularly relevant here, as Christus' acquisition of Wadley would dramatically reduce competition for healthcare talent in the region.

Negative Effects on the Community

The sale of Wadley will have a significant negative impact on the broader Texarkana community, beyond healthcare professionals and patients. Specifically:

- **Unutilized Facility:** Medical Properties Trust is currently constructing a \$227 million healthcare facility in the region that is estimated to generate over \$400 million in economic impact in the two-county Texarkana MSA. If the sale to Christus is approved, this facility will likely remain unfinished or underutilized, wasting a major investment that could have enhanced the community's healthcare infrastructure and provided economic benefits through job creation and increased commercial activity.
- **Lost Economic Opportunities:** The community will lose out on the potential economic growth that would have come from the completion and operation of the new facility, impacting local businesses, property values, and overall development.

These concerns about market consolidation align with the HCMC's stated mission to address "widespread competition concerns shared by patients, health care professionals, businesses and entrepreneurs." The task force's goal to root out monopolistic practices in healthcare markets reflects the dangers posed by Christus' unchecked acquisition of healthcare assets in the Ark-La-Tex region.

Contrary to the Public Interest

The overarching goal of the bankruptcy process is to maximize value for creditors while preserving public interest. The sale of Wadley to Christus, as currently structured, sacrifices the public interest by creating a monopolistic healthcare environment that will harm patients, professionals, and the community. This is inconsistent with the objectives of Chapter 11 bankruptcy and the duty to promote the best interests of all stakeholders. Moreover, with the Task Force on Health Care Monopolies and Collusion now actively investigating such market dynamics, the approval of this sale could attract scrutiny and enforcement actions aimed at addressing these antitrust concerns.

Conclusion

For the foregoing reasons, DPN respectfully requests that the Court deny approval of the sale of Wadley Regional Medical Center to Christus Health Ark-La-Tex, or, in the alternative, modify the terms of the sale to address the monopolistic concerns and ensure the unutilized healthcare facility is repurposed in a manner beneficial to the community.

Respectfully submitted,

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