

Cardiology Monopolization Case Confirms Antitrust Laws Protect Competition, Not Competitors

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Confirming the bedrock principle that the antitrust laws are designed to protect competition and not individual competitors, a federal court put an end to a legal turf war over the cardiology market in Laredo, TX on January 28.^[1] The summary judgment decision made clear that even where there is evidence of coordinated behavior that caused *economic* injury, plaintiffs cannot get to trial without sufficient evidence that the behavior also caused *antitrust* injury.

The plaintiffs in the suit, Doctors Hospital of Laredo (DHL) and its physicians' group, alleged that Dr. Ricardo Cigarroa and his cardiovascular clinic (Cigarroa defendants), along with the Laredo Medical Center (LMC), engaged in coordinated behavior to corner the plaintiffs out of market for cardiology services. According to the complaint, the plaintiffs and defendants were the sole players in Laredo's cardiology game. A city Laredo's size, the plaintiffs claimed, should have at least 20 cardiologists in a competitive market, but there were only eight practicing cardiologists at the time the litigation commenced. The plaintiffs alleged that DHL began recruiting new cardiologists in August 2020, which Cigarroa viewed as "a threat to his dominant market position."^[2]

Asserting claims under Sections 1 and 2 of the Sherman Act and Texas state law, the plaintiffs alleged that the Cigarroa defendants and LMC proceeded to engage in a wide variety of anticompetitive conduct designed to thwart DHL's ability to expand cardiology services in Laredo. Specifically, the plaintiffs claimed that Cigarroa and his colleagues threatened prospective cardiologists recruited by DHL; collectively stopped responding to emergency calls at DHL or referring patients there; induced Laredo's only cardiovascular surgeon to leave DHL for LMC in violation of a noncompete contractual provision; and recruited DHL cardiothoracic surgery technicians to quit their jobs in favor of positions at LMC.

The court agreed that the defendants' actions demonstrated a concerted effort to draw business away from DHL. However, it declined to find those efforts violated any law. The court explained that "[w]hile the evidence shows that defendants sought to increase their market share at the expense of DHL — indeed run them out of business — this is mere competitive intent, which does not turn a refusal to deal into an anticompetitive act." Notably, the court found that the plaintiffs did suffer an economic injury-in-fact due to the defendants' actions, but noted that the crux of the dispute was whether plaintiffs suffered an *antitrust* injury. The court explained that there may have been economic harm to a competitor, but there was no harm to competition itself.

As in several similar cases, the plaintiffs here failed to convince the court that any alleged economic damage their competitor did to their business rose to the level of having an anticompetitive effect in the market. The plaintiffs

were unable to show that defendants cut off their access to any supplies or facilities necessary to compete in the Laredo cardiology services market. To the contrary, DHL hired two additional cardiologists and found temporary physicians to cover shifts after the plaintiffs' alleged campaign against it began. There was also no evidence that patients in Laredo, the consumers in the market for cardiology services, suffered harm or saw increased costs for medical care as a result of defendants' conduct. Consequently, the court found that that no reasonable jury could decide that defendants' behavior was unlawfully anticompetitive: "On this record, this theory is consistent with harm to a competitor, not to competition or to any consumers in the relevant market."

This is the latest decision to demonstrate that the line between procompetitive and anticompetitive behavior can be quite thin in health care markets. Hospital systems and physician practices must keep in mind the competitive impact of their business practices, including how they may affect competitors' market access as well as consumer prices and choice.

[1] *Drs. Hosp. of Laredo v. Cigarroa*, No. SA-21-CV-01068-XR, 2025 U.S. Dist. LEXIS 14899, at *1 (W.D. Tex. Jan. 28, 2025).

[2] Plaintiffs' First Amended Compl. at 1-2, *Drs. Hosp of Laredo v. Cigarroa*, No. SA-21-CV-01068-XR, 2025 U.S. Dist. LEXIS 14899 (W.D. Tex. Jan. 28, 2025).

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