

Denying FTC antitrust charge

■ **Henry Schein** rejects claim regarding dental groups

■ **2 other suppliers** named in alleged 'conspiracy'

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Henry Schein Inc. on Tuesday denied charges by the Federal Trade Commission that it and two other dental supply companies violated antitrust laws by "conspiring" to boycott dentists' buying groups or refuse to provide them discounts.

Melville-based Henry Schein, Long Island's largest publicly traded company by 2016 revenue, issued a statement saying it "never entered into an agreement with others to refuse to do business with buying groups" and that it "intends to defend itself vigorously." The company said it does not expect an "adverse effect on our financial condition." It declined to elaborate beyond the statement.

Buying groups are formed to lower the prices for dental supplies and equipment for solo and small-group dental practices.

The other companies named in the FTC action, which was filed late Monday, are Benco Dental Supply Company of Pittston, Pennsylvania, and Patterson Companies Inc. of St. Paul, Minnesota. Together, the FTC said, "the big three" control more than 85 percent of the \$10 billion market for distributor sales of dental products and services nationwide.

Patterson issued a statement calling the charges "meritless." A spokeswoman for Benco said in an email that the company expects "to fully resolve this issue in a way



Shares of Henry Schein Inc., based in Melville, fell 6.6 percent Tuesday. An administrative trial on the FTC complaint is set to begin Oct. 16.

that clarifies the integrity of our people and processes."

Shares of Henry Schein, which also supplies products to the offices of doctors and veterinarians, fell 6.6 percent to close Tuesday at \$67.39.

The FTC said that Benco, Henry Schein and Patterson "restrained price competition" and "undermined the ability of independent dentists to obtain lower prices and discounts."

The complaint also charges that Benco invited Tacoma, Washington-based Burkhardt Dental Supply, the fourth-largest U.S. dental supply distributor, to join the group.

The FTC's vote to issue the administrative complaint was 2-0. An administrative trial is scheduled to begin on Oct. 16.

The FTC complaint follows a string of lawsuits charging antitrust violations by Benco, Patterson and Henry Schein.

In June, Henry Schein agreed to settle one case, a 2015 federal lawsuit filed by SourceOne Dental Inc., an e-commerce company based in Chandler, Arizona. Benco and Patterson also were named in that lawsuit. Henry Schein said in a statement it denied wrongdoing and settled "solely to avoid further distraction and cost."

In January 2016, Henry Schein agreed to pay \$250,000 to settle unrelated FTC charges that it falsely advertised the level of encryption provided by its Dextrix G5 software for dentists' practices.

Wall Street analysts had vary-

ing views on the impact of the new FTC action. Ross J. Muken of Manhattan-based Evercore ISI in a research note called the complaint "a pretty big deal" and cited possible precedents from other industries where the fines ranged from tens of millions of dollars "to the low billions."

Jeff Johnson, an analyst at Milwaukee-based Robert W. Baird & Co. Inc., said the case presents "little more than modest financial risk . . . given the behavioral changes these prior lawsuits created in recent years." Johnson said the FTC action's wording "seems to mirror almost exactly several claims SourceOne and others have brought against these companies over the last few years regarding price fixing."

For the nine months ended Sept. 30, Henry Schein's dental sales were \$4.4 billion, almost half the company's total sales of \$9.1 billion.

Shares of Henry Schein, with operations or affiliates in 34 countries, are down about 20 percent in the past 12 months.

The stock came under pressure in December, when a Morgan Stanley analyst warned that Seattle-based Amazon.com Inc. had begun offering products directly from a dental supply manufacturer. A story in Tuesday's Wall Street Journal outlines the push by Amazon's business-to-business marketplace to gain a foothold as a supplier to U.S. hospitals, which is not a major market for Henry Schein.

Independent LI community hospital changing its name



Brookhaven Memorial Hospital Medical Center is being renamed Long Island Medical Center, the hospital said Tuesday.

The branding switch comes after 61 years as Brookhaven Memorial, which is in Patchogue.

The name will transition over the next year, officials said.

The Patchogue-based independent hospital will begin publicizing the name through an Islandwide marketing and advertising campaign beginning this week.

The new name "sets the stage for who we are now and in the fu-

ture," said Richard T. Margulis, president and chief executive at LIMC. "Until you touch it, or it touches you, you don't understand the significance of a community hospital."

Officials had been working on rebranding the hospital for a little more than a year, said Ed Brennan, LIMC director of

marketing.

Long Island Medical Center didn't disclose how much it spent on the rebranding or how much it would spend on marketing the new name.

The hospital has been known as Brookhaven Memorial since it was founded 61 years ago. — DAVID REICH-HALE