



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES HOSPITALS TO ENTER INTO ENFORCEMENT ORDER TO REMEDY CONSENT DECREE VIOLATIONS**

### **Two Florida Hospitals Admit Violations of 1994 Consent Decree and Will Pay Civil Penalty**

WASHINGTON, D.C. -- The Department of Justice and the State of Florida today required Morton Plant Hospital Association and the Trustees of Mease Hospital to enter into an Enforcement Order to address concerns caused by repeated and widespread violations of a 1994 consent decree. The hospitals have admitted that the violations occurred and have agreed to pay a \$300,000 civil penalty and to modify their operations.

The Department's Antitrust Division and the State of Florida entered into the original consent decree on September 29, 1994, after filing a lawsuit to challenge the proposed merger of Morton Plant and Mease. Under the decree, Morton Plant and Mease were allowed to create a partnership to produce certain outpatient and administrative services (Morton Plant Mease Healthcare Inc. or MPMHC), but were expressly prohibited from jointly selling those or other services, jointly contracting with third parties, or sharing information. The purpose of the consent decree, which expires in September 2004, was to ensure that the two hospitals remained competitors.

In the Motion and Stipulation filed today, Morton Plant and Mease admit to repeated violations of the 1994 decree, including coordinating managed care contracting, jointly selling services, and sharing competitive information. In addition, the hospitals also admit to violations

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of the compliance requirements and improperly using MPMHC, the partnership created under the 1994 decree, to coordinate some of their activities.

“Consent decrees are critically important enforcement tools used to protect consumers from anticompetitive activities and the Department expects parties to such decrees to abide by them,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “The hospitals’ repeated violations of the 1994 consent decree are unacceptable, and entry of this Enforcement Order will ensure that the defendants will comply with the original decree.”

The Antitrust Division filed the proposed Enforcement Order, as well as a Motion and Stipulation signed by the parties, in U.S. District Court in Tampa, Florida. If entered by the Court, the proposed Enforcement Order will provide additional provisions to ensure the parties’ compliance with the 1994 consent decree.

The proposed Enforcement Order requires the hospitals to reimburse the Federal Government and the State of Florida approximately \$200,000 for the cost of the investigation and to pay a \$300,000 civil penalty to Florida, which it will use to provide medical care services for low income citizens in Pinellas County. The proposed Enforcement Order also prohibits Morton Plant and Mease from using third-party messengers for contracting, while giving managed care companies the right to terminate any contracts that were entered into during the time in which the violations occurred.

In addition, the proposed Enforcement Order requires MPMHC to sell its outpatient clinics back to the hospitals. Both Morton Plant and Mease will also be required to take various steps to ensure that these violations will not be repeated, and each hospital’s chief administrative

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officer must certify annually that he or she is not aware, and has not been informed, of any violations of the decree. Morton Plant and Mease are barred from seeking to modify or terminate either the 1994 consent decree or the proposed Enforcement Order for three years.

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