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WRITER'S
DIRECT DIAL NUMBER

December 2, 1988

Honorable Charles F. Rule
Assistant Attorney General
Department of Justice
Antitrust Division
Washington, D.C. 20530

ATTN: Joseph H. Widmar

RE: Application For A Business Review Letter
Concerning Information Exchange Of
Hospital Charges

Dear Mr. Rule:

The undersigned, on behalf of Hyatt Imler Ott & Blount, P.C., Certified Public Accountants ("HIOB") requests a statement by the Department of Justice of its present enforcement intentions with respect to a proposed information exchange and data program for hospital services in the State of Georgia. This request is made pursuant to the Department's regulations governing the procedures for the issuance by the Antitrust Division of Business Review Letters, 28 C.F.R., Section 50.6. The facts upon which this request is based are set forth below and operative documents are enclosed.

Due to the paucity of statistical information concerning the many services offered by hospitals, administrators often find themselves at a disadvantage in negotiations with customers, especially preferred provider organizations (PPO's) and health maintenance organizations (HMO's) as well as individual physicians. Hospital management will be better prepared to negotiate if they have access to properly structured and limited surveys of price and quality information which would help them become more competitive.

HIOB is a Professional Corporation of certified public accountants engaged in practicing their profession in the State of Georgia with offices in Atlanta and they count among their

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clientele a number of hospitals throughout the state of Georgia. HIOB proposes to offer hospitals throughout the State an opportunity to participate in an exchange of information concerning the charges which are made by hospitals in the region for approximately 300 of the more than 1,000 different kinds of procedures offered by the hospitals. The program is comprised of a computerized data base of charge information from such Georgia hospitals, which would voluntarily provide the information to HIOB. The only information solicited will be the price charged for each of the selected procedures by the hospital during the preceding year. The accounting firm will set up the data base by collecting and processing the information, preparing the reports and publishing them annually for distribution to each of the participating hospitals. The information will be by department and will show how each hospital's charges compare with those of comparable hospitals in the region. No hospital identities will be divulged and individual hospital information will be disguised and averaged with the charges for similar services by other hospital facilities in the region. Every effort will be made to prevent any accidental discovery of individual hospital prices.

An example of the way the data will appear is set out in the attached Exhibit A, Paragraph 6.

In order to join the program all a hospital needs to do is sign a document indicating its willingness to participate in the program. A form of consent is set out in the attached Exhibit B.

Participation in the program as stated will be entirely voluntary from each hospital and the membership would not be restricted to any group.

As stated in the invitation to participate, there would be no charge for participation during the first year of participation, however, HIOB reserves the right to subsequently change this program to a compensatory one for participants.

HIOB is committed to concealing the actual identity of all participating hospitals and will discourage all attempts by members to obtain information concerning identification.

It is the view of HIOB, in which we concur, that the collection and dissemination of this information will be

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procompetitive, in that it will provide needed information which is not obtainable elsewhere, and that the survey will utilize only aggregate historical data not identifying any responding institution, and will be compiled by HIOB as a neutral third party which merely assembles, processes and disseminates the information.

The opinion of the Department as to its reaction to this proposal is respectfully requested.

Very truly yours,

ARNALL GOLDEN & GREGORY


Joseph F. Haas

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