



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, MARCH 5, 1996

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**JUSTICE DEPARTMENT WILL NOT CHALLENGE PROPOSAL TO FORM
PHYSICIAN-HOSPITAL NETWORK IN NORTHERN GEORGIA**

WASHINGTON, D.C. -- The Department of Justice today said that it would not challenge a proposal by four northern Georgia hospitals and their physicians to form a physician-hospital network.

The Department's Antitrust Division said the PHO network would provide a more efficient means for third party payers and healthcare plans to contract through a single agent with the providers they need, while still allowing them the flexibility of contracting individually with area doctors if they so choose.

The proposal would allow the Southern Health Corporation to form an area network composed of three hospitals that it owns and one that it manages in Gilmer, Lumpkin, Towns, and Pickens counties in rural north Georgia, and all of the physicians who have staff privileges at each facility. Three of the facilities have affiliated nursing homes.

Under the proposal, the PHO, to be called Southeastern HealthCare Alliance, would seek out contracts with third party payers, HMOs, or large employers in the area. Any contracts offered by such payers would be submitted to each individual

member of the PHO, who would then unilaterally decide whether to accept or reject the contract terms and conditions.

The Department's position was stated in a business review from Anne Bingaman, Assistant Attorney General for the Antitrust Division, to counsel for Southern Health Corporation.

"By avoiding any horizontal fee-setting or joint agreement on other competitively significant contract terms among competing doctors, this group is not likely to cause harm to existing competition," said Bingaman. "Since each doctor would be free to join other networks or contract individually with insurance plans, the PHO would not impede the development of competing networks as managed care develops in the area."

The network would avoid problems of joint agreement on price and other significant competitive contract terms by unintegrated competitors through use of a "messenger model."

If payers so request in writing, the PHO would enter into discussions and transmit information regarding potentially competitively significant terms or conditions, such as utilization review or credentialing, and the PHO would be permitted to negotiate for the members regarding administrative issues such as billing practices and contract interpretation.

Doctors already under contract with a third party payer or healthcare plan would have the option of continuing such contracts or contracting through the PHO.

Because the network would represent most of the primary care physicians in these counties, the Department reserves the right to bring an enforcement action should the network prove to be anticompetitive in practice or effect.

Under the Department's business review procedure, an organization may submit a proposed course of action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 215 North, Liberty Place, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless confidentiality had been requested pursuant to paragraph 10(c) of the Business Review Procedure.

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