



Department of Justice

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IDAHO ORTHOPEDISTS CHARGED WITH ENGAGING IN GROUP BOYCOTTS AND DENYING MEDICAL CARE TO INJURED WORKERS

Settlement Prevents Orthopedists from Engaging in Conspiracies to Raise Fees

WASHINGTON – The Department of Justice reached a settlement today with the Idaho Orthopaedic Society, an orthopedic practice group and five orthopedists that will prohibit them from conspiring with competing physicians in the Boise, Idaho, area to deny medical care to injured workers and to engage in group boycotts to obtain higher fees. The department said that the defendants and other orthopedists conspired to gain more favorable fees and other contractual terms by agreeing to coordinate their actions, including denying medical care to injured workers and threatening to withdraw from healthcare plans offered by Blue Cross of Idaho. The department said that their conduct caused the state of Idaho and other healthcare consumers to pay higher fees for orthopedic services.

The Department of Justice's Antitrust Division, joined by the Idaho Attorney General's office, filed a civil antitrust lawsuit in U.S. District Court for the District of Idaho, against the Idaho Orthopaedic Society, Idaho Sports Medicine Institute and five individual orthopedists—Timothy Doerr, Jeffrey Hessing, John Kloss, David Lamey and Troy Watkins. At the same time, the department and the Idaho Attorney General's office filed a proposed settlement that, if approved by the court, would resolve the lawsuit.

“The orthopedists who participated in these group boycotts denied medical care to Idaho workers and caused higher prices for orthopedic services,” said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “Today's action seeks to prevent the recurrence of these illegal acts and protects Idaho consumers by promoting competition in the healthcare industry.”

According to the complaint, the conspiring orthopedists engaged in two antitrust conspiracies, which took place from 2006 to 2008. In the first conspiracy, through a series of meetings and other communications, the orthopedists agreed not to treat most patients covered by workers' compensation insurance. They entered into a group boycott in order to force the Idaho Industrial Commission to increase the rates at which orthopedists were paid for treating injured workers. The Idaho Industrial Commission sets the fee schedule that determines the amount that orthopedists and other healthcare providers usually receive for treating patients covered by workers' compensation insurance. The boycott resulted in a shortage of orthopedists willing to treat workers' compensation patients, causing higher rates for orthopedic services.

In the second conspiracy, all of the defendants, except David Lamey, and other conspiring orthopedists agreed to threaten to terminate their contracts with Blue Cross of Idaho. They jointly threatened to terminate their contracts to force Blue Cross of Idaho to offer better contract terms to orthopedists.

The proposed settlement prevents the Idaho Orthopaedic Society and the named orthopedists from agreeing with their competitors on fees and contract terms. The settlement also prohibits them from collectively denying medical care to patients, refusing to deal with any payer or threatening to terminate contracts with any payer.

The proposed settlement, along with the department's competitive impact statement, will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed settlement within 60 days of its publication to Joshua H. Soven, Chief, Litigation I Section, Antitrust Division, U. S. Department of Justice, 450 Fifth St. N.W., Suite 4100, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the final judgment upon a finding that it serves the public interest.

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