



Department of Justice

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JUSTICE DEPARTMENT CHALLENGES JOINT CONTRACTING ON BEHALF OF SOUTH DAKOTA CHIROPRACTORS

Settlement Bars Chiropractor Association From Conspiring to Raise Fees

WASHINGTON – The U.S. Department of Justice announced today that it has reached a settlement with Chiropractic Associates Ltd. of South Dakota (CASD), an association comprising approximately 80 percent of all practicing chiropractors in South Dakota. The settlement prohibits CASD from jointly determining prices and negotiating contracts with insurers on behalf of competing chiropractors in South Dakota, North Dakota, Minnesota and Iowa. The department said that CASD negotiated at least seven contracts with insurers that set prices for chiropractic services on behalf of CASD's members and that CASD's conduct caused consumers to pay higher fees for chiropractic services.

The department's Antitrust Division filed a civil antitrust lawsuit in the U.S. District Court for the District of South Dakota against CASD. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the lawsuit.

“Chiropractic Associates Ltd. of South Dakota negotiated contracts on behalf of all its members, including competing providers, resulting in increased prices for chiropractic services in South Dakota,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “Today’s settlement promotes competition among health care providers and prevents collective action that harms consumers and violates the antitrust laws.”

According to the complaint, since 1997, CASD collectively negotiated the rates and price-related terms for at least seven contracts with insurers on behalf of CASD's members. Except for members who were part of the same practice groups, CASD's members were not clinically or financially integrated, and CASD's actions were not necessary to achieve any benefits for consumers.

The proposed settlement will prevent CASD from establishing prices or terms for chiropractic services and from negotiating with insurers on behalf of competing chiropractors. The proposed settlement will also require CASD to terminate its current payer contracts at various specified times, but in no event later than three months after the court's entry of the final judgment.

CASD is a company organized and doing business under the laws of the state of South Dakota, with its principal place of business in Brookings, S.D.

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 Peter J. Mucchetti, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, 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 finding that it serves the public interest.

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