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March 6, 1997

Joel I. Klein
Acting Assistant Attorney General
Antitrust Division
Department of Justice
Room 3109
950 Pennsylvania Avenue, N. W.
Washington, D.C. 20530

Re: Application of Southwest Eye Associates, L.L.C. for Expedited Business Review

Dear Mr. Klein:

Pursuant to 28 C.F.R. §50.6 and the expedited business review program, the undersigned respectfully requests the Department of Justice to state its enforcement intentions regarding the proposed formation of Southwest Eye Associates, L.L.C. ("SEA"). SEA is a physician network organization which will operate under a structure commonly referred to as a physician organization ("PO") or an independent practice arrangement ("IPA"). This proposed physician network is attempting to clear use of the name Southwest Eye Associates, L.L.C. from another eye doctor group operating in Mesquite, Texas with a similar name. SEA has received word from that group that it wants payment for the use of the name before it will give permission to SEA to use its proposed name. To save time, the request is being submitted for review, while the two groups negotiate this issue.

The purpose of SEA is to provide quality medical and surgical ophthalmology services at reduced costs to managed health benefit plans and other providers. SEA will be a "non-exclusive" venture comprising twelve ophthalmologists. The member ophthalmologists of SEA will be free to compete with SEA, individually or through other entities. SEA will implement fee withholding arrangement with the managed care providers whereby SEA will return up to 20% of the fee amount if certain cost containment and quality utilization goals are not met by the members of SEA. Thus, the members of SEA will share substantial financial risk. The member ophthalmologists can lose a substantial amount of compensation due to them if the goals are not met.

In support of this application for an expedited business review, please find enclosed the following documentation:

1. Background information, including a description of the legal form and ownership structure of SEA, the identity of the members of SEA as well as all persons who participate in the El Paso ophthalmology market, the restrictions that SEA imposes on its members, the ten largest customers for general ophthalmology services in El Paso, and any business synergies, efficiencies and other benefits likely to flow from SEA;

2. A memorandum discussing the legality of SEA under antitrust laws; and

3. All documentation effectuating formation of SEA, including Articles of Organization, Regulations, Organizational Consent, Member Agreement and Physician Participation Agreement.

SEA and the members involved therein hereby verify that they have undertaken a good faith search for the documents and information specified under 28 C.F.R. §50.6 and the expedited business review program and, where applicable, have provided all responsive material.

I appreciate your help and attention in this regard. Please contact me if you have any questions.

Very truly yours,

KRAFSUR GORDON MOTT P. C.

By: Pat Gordon
Patrick R. Gordon

PRG/ipr
Enclosures

cc: Southwest Eye Associates, L.L.C.

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