



Department of Justice

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DEPARTMENT OF JUSTICE WILL NOT CHALLENGE HEALTH CARE NETWORK

WASHINGTON, D.C. -- The Department of Justice announced today that it does not intend to challenge under the antitrust laws a proposal by National Cardiovascular Network Inc. (NCN) to establish a national network of cardiologists, cardiovascular surgeons and acute care hospitals.

The Department said NCN's proposal is the first application of the Statements of Antitrust Enforcement Policy in the Health Care Area issued by the Department and the Federal Trade Commission September 15, 1993, and qualified for an antitrust safety zone as set forth in the policy statement relating to physician network joint ventures.

Assistant Attorney General Anne Bingaman, in charge of the Antitrust Division, said, "This action shows that the Department is serious about alleviating uncertainty in the health care industry, and that it will not challenge joint ventures and other arrangements that qualify for an antitrust safety zone."

NCN's proposal is similar to other recently developed alternative delivery systems featuring a national network of

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medical "centers of excellence" that provide specialized medical care. NCN would create a preferred provider organization (PPO) of cardiac care specialists in 41 metropolitan areas around the country to provide cardiac care to beneficiaries of large third-party payers such as insurers, unions and multi-site employers. In each city, the participating cardiologists, cardiovascular surgeons and acute care hospitals would agree to provide services at all-inclusive, global prices covering all hospitalization and physician expenses of plan beneficiaries.

The Department concluded that NCN's proposed PPO was unlikely to have an anticompetitive effect. In 38 of the 41 metropolitan areas, NCN does not plan initially to contract with any cardiologists, cardiovascular surgeons or acute care hospitals that currently compete with each other.

In the three cities in which it intends to contract with competitors and any other cities in which it would do so in the future, NCN assured the Department that it would not contract with more than 20 percent of the cardiologists, or more than 20 percent of the cardiovascular surgeons, with active admitting privileges at hospitals in the relevant geographic market. With this assurance, NCN's proposal qualified for an antitrust safety zone under the health care industry policy statements.

Under the Department's long-standing business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the

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Division will challenge the action under the antitrust laws. In conjunction with the recent enforcement policy statements, the Department also committed itself to provide responses to business review requests relating to health care joint ventures or information exchanges within 90 days of receiving all necessary information.

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 3233, 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.

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