



# Department of Justice

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## JUSTICE DEPARTMENT APPROVES SOUTH FLORIDA DERMATOLOGY NETWORK

WASHINGTON, D.C. -- A group of south Florida dermatologists, plastic surgeons and dermatopathologists will be allowed to form a joint network to provide comprehensive services to third party payers, the Justice Department announced today.

Dermnet Inc. will provide dermatologic, plastic surgery and dermatopathology services (the reading of skin sample slides) in Dade, Broward and Palm Beach counties. Third party payers generally need to include such specialists on their panels in order to have marketable managed health care plans.

The Department's position was stated in a letter from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, to counsel for Dermnet.

"By offering more choices and greater efficiency, Dermnet might inject a healthy dose of competition in these markets," said Bingaman.

The network plans to provide efficient specialized services while controlling costs by allowing payers to contract with a

tailor-made group of specialists through one representative, and by implementing stringent quality assurance and utilization standards.

Bingaman's letter stated that Dermnet's operations, while representing around 44 percent of board-certified dermatologists in the area, is not likely to result in anticompetitive effects. While not falling within the so-called "safety zones" established by the 1994 Statements of Enforcement Policy and Analytical Principles Relating to Health Care and Antitrust jointly issued by the Department and the Federal Trade Commission, this network presents sufficient safeguards to prevent threats to competition for dermatology services in the south Florida market, the Department said. Dermnet's members will share substantial financial risk through the acceptance of capitated payments, and the network will be non-exclusive, allowing all its members to join other networks.

Dermnet will not only face competition from numerous other providers, but many of its members are and will continue to be active participants in other health care provider ventures in the markets to be served by Dermnet. Moreover, large health care payers in the tri-county area expressed no competitive concerns about Dermnet's proposal, viewing it instead as a possible efficiency enhancing development.

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

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit

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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.

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