



Department of Justice

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**JUSTICE DEPARTMENT APPROVES FORMATION OF
CLINICAL LABORATORY NETWORK IN CALIFORNIA**

WASHINGTON, D.C. -- Seventeen small and mid-size clinical laboratories in California can form a network to compete for business with other clinics in the managed care market, the Department of Justice announced today.

The Department said it would not challenge the proposed network because its creation will not increase the risk of collusive pricing.

Members of the Preferred Laboratory Access Network will compete with three large commercial laboratories for managed care business, initially focusing on the health maintenance organization population of greater Los Angeles County.

The Network also will meet the geographic coverage requirements of large regional and statewide health maintenance organizations, including the state's Medicare program, MediCal, which is converting to a managed care format. California is a mature managed care market, with large numbers of people serviced under single contracts.

The Department's position was stated in a business review letter from Anne K. Bingaman, Assistant Attorney General for the Antitrust Division, to counsel for the Preferred Laboratory Access Network.

Market analysis indicates that the Preferred Laboratory Access Network will not possess anti-competitive levels of market power in any reasonably drawn market in California. The fact that the network proposes to operate in a non-exclusive manner, allowing members to participate in other lab networks, further reduces the risk that the proposal will harm competition.

Bingaman said the proposal could have a procompetitive effect since it increases the number of large independent laboratories that can serve regional or statewide health maintenance organizations from three to four.

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 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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