



Department of Justice

FOR IMMEDIATE RELEASE
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AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE DEPARTMENT WILL NOT CHALLENGE PROPOSAL TO FORM
NETWORK OF ALLERGISTS IN NEW ENGLAND**

WASHINGTON, D.C. -- The Department of Justice today said that it would not challenge a proposal by a group of New England allergists to form a physician network joint venture to offer their services in Massachusetts, Rhode Island, Connecticut, New York, Vermont, New Hampshire, and Maine.

The network, called Allergy and Asthma Consultants Inc., would negotiate and contract with health benefit plans to provide their beneficiaries with physician medical services for the treatment of allergies, asthma and related conditions.

The Department's Antitrust Division said that the proposed network's activities fall within the "safety zone" established by the Department of Justice and Federal Trade Commission's Statements of Enforcement Policy and Analytical Principles Relating to Health Care and Antitrust that were issued in September 1994.

The Department's position was stated in a business review

letter from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, to counsel for the joint venture.

The physician members of the joint venture comprise approximately 10 percent of the approximately 92 practicing allergists in Massachusetts.

The network will involve significant integration and risk sharing, and include utilization review and quality assurance monitoring. Each Allergy and Asthma Consultants contract with health benefit plans will provide for physician services compensation either in the form of a capitated payment or under a discounted fee-for-service schedule for its member physicians with a "risk pool" withhold of at least 20 percent of the fees due each physician. The withhold will be retained by the network or distributed to the participating physicians only if the panel of doctors as a group meets established efficiency and quality parameters.

Allergy and Asthma Consultants' physician providers will participate in the network on a non-exclusive basis. Individual member providers will be able to affiliate and contract directly with competing multi-specialty networks, primary care groups, independent practice organizations, physician hospital organizations, managed care plans, and other third party payers.

The proposal involves additional provisions that reduce the possibility of anticompetitive effects, including provisions

relevant to a previously entered consent decree between the United States and one of the initial participants in Allergy Asthma Consultants. As a result, the network has the potential to benefit its member physicians, managed care plans and their enrollees through efficiencies that may result from payers' ability to contract with a group of providers through a single representative and from utilization review and quality assurance monitoring.

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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