

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA**

(1) UNITED STATES OF AMERICA,

Plaintiff,

v.

(1) OKLAHOMA STATE CHIROPRACTIC
INDEPENDENT PHYSICIANS
ASSOCIATION and (2) LARRY M.
BRIDGES,

Defendants.

Case No 13-CV-21-TCK-TLW

COMPLAINT

The United States of America, acting under the direction of the Attorney General of the United States, brings this civil antitrust action against Defendants Oklahoma State Chiropractic Independent Physicians Association (“OSCIPA”) and Larry M. Bridges to obtain equitable and other relief to prevent and remedy violations of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiff alleges:

I. NATURE OF THE ACTION

1. Defendant OSCIPA is an association of approximately 350 chiropractors who compete with each other in the sale of chiropractic services. OSCIPA’s members comprise approximately 45 percent of all chiropractors practicing in Oklahoma. Defendant Bridges is OSCIPA’s executive director and manages all of OSCIPA’s activities, including OSCIPA’s contracting with health insurers, health-care provider rental networks, and other payers (collectively “payers”), and handles many of OSCIPA’s communications with its members.

2. Since at least 1997, all of OSCIPA’s members have entered into membership agreements with OSCIPA that give OSCIPA the right to collectively negotiate rates on its

members' behalf with payers. Since at least 2004, OSCIPA's membership agreements require its members to suspend all of their pre-existing contracts with those payers with which OSCIPA negotiates contracts.

3. From 2004 to 2011, on behalf of all OSCIPA's members, Defendants negotiated contracts with at least seven payers that set the prices and price-related terms between OSCIPA's members and those payers. Defendants' conduct has raised the prices of chiropractic services and decreased the availability of chiropractic services in Oklahoma.

4. The United States, through this suit, asks this Court to declare Defendants' conduct illegal and to enter injunctive relief to prevent further injury to consumers of chiropractic services.

II. DEFENDANTS

5. OSCIPA is a corporation organized and doing business under the laws of the State of Oklahoma, with its principal place of business in Tulsa.

6. Larry M. Bridges has been employed by OSCIPA as its executive director since at least 1999. As alleged below, Bridges negotiated on behalf of OSCIPA's members at least seven contracts with payers, and Bridges signed several of those contracts on OSCIPA's behalf.

III. JURISDICTION, VENUE, AND INTERSTATE COMMERCE

7. Plaintiff brings this action pursuant to Section 4 of the Sherman Act, 15 U.S.C. § 4, to obtain equitable and other relief to prevent and restrain Defendants' violations of Section 1 of the Sherman Act, 15 U.S.C. § 1.

8. The Court has subject-matter jurisdiction over this action under Section 4 of the Sherman Act, 15 U.S.C. §4, and 28 U.S.C. §§ 1331, 1337(a), and 1345.

9. Defendants have consented to personal jurisdiction and venue in this District.

The Court also has personal jurisdiction over each Defendant, and venue is proper in the Northern District of Oklahoma under Section 12 of the Clayton Act, 15 U.S.C. § 22, and 28 U.S.C. § 1391(b), because Defendants are found, have transacted business, and committed acts in furtherance of the alleged violations in this District. A substantial part of the events giving rise to Plaintiff's claims occurred in this District.

10. Defendants engage in interstate commerce, and their activities – including the conduct alleged in this Complaint – substantially affect interstate commerce. Defendants' conduct increased prices for chiropractic services that some non-Oklahoma residents traveled to Oklahoma to purchase and consume, and which a number of payers paid for across state lines.

IV. OTHER CONSPIRATORS

11. Various persons not named as defendants in this action have participated as conspirators with Defendants in the offenses alleged and have performed acts and made statements in furtherance of the alleged conspiracies.

V. DEFENDANTS' ILLEGAL CONDUCT

12. Since at least 2004, OSCIPA has required that chiropractors joining the association enter into a membership agreement (called a "Participating Provider Agreement") that (a) designates OSCIPA as the party who will "[c]ontract with [the] Third-Party Payor or Network;" (b) "suspends any existing agreement to which the [chiropractor] is a party with any Third-Party Payor or Network;" (c) specifies a reimbursement floor that the chiropractor must accept; and (d) prohibits member chiropractors from offering payers incentives or rebates, such as waiving deductibles or co-pays.

13. For years, OSCIPA's stated goal has been to leverage its contracts with a large share of Oklahoma chiropractors in contract negotiations with payers to increase payments to its

member chiropractors. Until shortly after the Department of Justice started to investigate the Defendants' conduct, OSCIPA's website stated that "OSCIPA concentrates the power of [its] state chiropractic physicians into one group. Through OSCIPA, a chiropractor can maintain an individual practice while associating with other chiropractors to increase contract-negotiating power."

14. From 2004 to 2011, Defendants OSCIPA and Bridges negotiated at least seven contracts with payers that fix the prices and other price-related terms for all OSCIPA members dealing with those payers. The payers are: Aetna, Ancillary Care Services, Community Care, Coventry, FirstHealth, Global Health, and Preferred Community Choice. In these negotiations, Defendants, acting on behalf of OSCIPA's members, made proposals and counterproposals on price and price-related terms, accepted and rejected offers, and entered into payer contracts that contractually bound all of OSCIPA members.

15. Defendants' practice of negotiating contracts on behalf of OSCIPA's members has increased prices for chiropractic services in Oklahoma.

VI. NO INTEGRATION

16. Defendants' negotiation of contracts on behalf of OSCIPA's members is not ancillary to any procompetitive purpose of OSCIPA or reasonably necessary to achieve any efficiencies. Other than OSCIPA members who are part of the same practice groups, OSCIPA members do not share any financial risk in providing chiropractic services, do not significantly collaborate in a program to monitor and modify their clinical practice patterns to control costs or ensure quality, do not integrate their delivery of care to patients, and do not otherwise integrate their activities to produce significant efficiencies.

VII. VIOLATION ALLEGED

17. Plaintiff reiterates the allegations contained in paragraphs 1 to 16. Each of the contracts that Defendants negotiated with payers from 2004 to 2011 on behalf of competing chiropractors violated Section 1 of the Sherman Act, 15 U.S.C. § 1. Defendants' actions raised prices for the sale of chiropractic services and decreased the availability of chiropractic services.

VIII. REQUEST FOR RELIEF


18. To remedy these illegal acts, the United States of America asks that the Court:

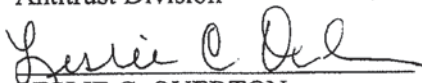
- (a) adjudge and decree that Defendants entered into unlawful contracts, combinations, or conspiracies in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1;
- (b) enjoin Defendants; their successors, assigns, subsidiaries, divisions, groups, partnerships, joint ventures, and each entity over which they have control; their directors, officers, managers, agents, representatives, and employees; and all other persons acting or claiming to act in active concert or participation with one or more of them, from
 - i. continuing, maintaining, or renewing in any manner, directly or indirectly, the conduct alleged herein or from engaging in any other conduct, combination, conspiracy, agreement, or other arrangement having the same effect as the alleged violations or that otherwise violates Section 1 of the Sherman Act, 15 U.S.C. § 1, through price fixing of chiropractic services, or collective negotiation on behalf of competing independent chiropractors or chiropractor groups; and
 - ii. directly or indirectly communicating with any chiropractor or payer about any actual or proposed payer contract;
- (c) award the United States its costs in this action; and


(d) award such other and further relief, including equitable monetary relief, as may be appropriate and the Court deems just and proper.


DATE: 1/10, 2013

FOR PLAINTIFF
UNITED STATES OF AMERICA:


WILLIAM J. BAER
Assistant Attorney General
Antitrust Division



LESLIE C. OVERTON
Deputy Assistant Attorney General
Antitrust Division


PATRICIA A. BRINK
Director of Civil Enforcement
Antitrust Division


PETER J. MUCCHETTI
Chief, Litigation I Section
Antitrust Division


RYAN M. KANTOR
Assistant Chief, Litigation I Section
Antitrust Division


CATHRYN D. MCCLANAHAN
OBA No. 14853
Assistant United States Attorney
110 West 7th Street, Suite 300
Tulsa, Oklahoma 74119-1013
Telephone (918) 382-2700
Facsimile (918) 560-7939
cathy.mcclanahan@usdoj.gov


RICHARD MOSIER
JULIE TENNEY
KEVIN YEH
Attorneys for the United States
Antitrust Division
Litigation I Section
United States Department of Justice
450 Fifth Street, N.W., Suite 4100
Washington, D.C. 20530
Telephone: (202) 307-0585
Facsimile: (202) 307-5802
Richard.Mosier@usdoj.gov