



Department of Justice

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DEPARTMENT OF JUSTICE WILL NOT CHALLENGE HOSPITAL COST INFORMATION EXCHANGE PROGRAM IN CALIFORNIA

Proposal Could Result in Improved Competition Between Hospitals

WASHINGTON—The Department of Justice announced today that it will not challenge a proposal by the Hospital Value Initiative (HVI) to establish an information exchange program that will provide data on the relative costs and resource efficiency of more than 300 hospitals in California. The department said the proposed information exchange may reduce health care costs by improving competition among hundreds of hospitals in California and facilitating more informed purchasing decisions by group purchasers of health care services.

The department's position was stated in a business review letter, to counsel for the HVI, from Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division.

The HVI proposes to collect, analyze and distribute aggregated comparative data on the level of reimbursement received, and the resources used, by California hospitals in providing inpatient and outpatient services. The HVI is a coalition of three organizations – the Pacific Business Group on Health, the California Public Employees' Retirement System and the California Health Care Coalition – that represent group purchasers of health care services, who purchase health care for more than 7 million people.

"The Hospital Value Initiative will likely provide greater information about the relative costs and utilization rates of hospitals in California and lead payers and employers to make more informed decisions when purchasing hospital services," said Varney.

The department determined that HVI's proposal was not likely to produce anticompetitive effects because the exchange would involve data that is at least 10 months old and the program would not disclose disaggregated data or any hospitals' actual service fees. The HVI's data exchange program could potentially benefit consumers by increasing the transparency of the relative costs and resource efficiency of hundreds of hospitals in California.

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 currently intends to challenge the action under the antitrust laws based on the information

provided. The department reserves its right to challenge a proposal under the antitrust laws if the proposal produces anticompetitive effects.

A file containing the business review request and the department's response may be examined in the Antitrust Documents Group of the Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 1010, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless a basis for their exclusion for reasons of confidentiality has been established under the Business Review Procedure.

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