

# Hagan McClintock & CO.

Certified Public Accountants

1100 Benedum-Trees Building  
223 Fourth Avenue  
Pittsburgh, PA 15222  
412/355-5000

September 17, 1993

Assistant Attorney General  
Antitrust Division  
Department of Justice  
10th and Constitution NW  
Washington D.C. 20530

Dear Sir:

Please consider this a request for a Business Review Letter relative to an individual practice association ("IPA") known as Pennsylvania Orthotics & Prosthetics Enterprise, the details of which follow:

1. This IPA is a nonprofit nonstock taxable corporation in Pennsylvania. All incorporation documentation (i.e., Articles of Incorporation, etc.) were duly accepted by the Corporation Bureau in the Commonwealth of Pennsylvania.
2. Enclosed is a bound presentation of all corporate documents proposed to be presented to the members.
3. There are no shareholders, and membership is voluntary with each member paying a yearly membership fee.
4. The purpose of the IPA is detailed in the enclosed materials. Among other services to its members, the IPA serves to connect members with service providers for their individual practices that have needs ranging from interior design services to financial planning.
5. The members will all maintain their own private practices not rendering medical services to patients under the name of the IPA.
6. Although a management company as an agent of the members of the IPA may negotiate contracts with third party payors (HMOs and other payors, for example), the members do not fix prices by agreeing whatsoever amongst themselves on costs of service to patients, etc. The members accept the rate negotiated on their behalf by the IPA. The funds from the payors may or may not flow through the IPA (as an escrow agent) to the member practices. The members are free to discontinue their membership at any time - their economic risk is the loss of their membership fee and the time they will dedicate to

the management and organization of the IPA (estimated at 200 hours each). The members will be able to share centralized billing services, personnel, and management services; consolidate purchasing of medical supplies and other expenses to reduce costs; and provide ways to work together to effectuate the cost-effective delivery of quality medical services.

7. This organization is a distinct entity offering a new product to its members. It is not a vehicle for resisting new competitors. Membership is open to any qualified applicant. Safeguards ensure that this proposed organization will not lead to the availability of fee and cost information among providers - all information collected by the management company of the IPA will remain confidential.

Please call the undersigned with any questions or if more information is needed in order to issue a Business Review Letter relative to any antitrust enforcement action.

Sincerely,



Linda M. Sekely, Esq.

Enclosure