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Assistant Attorney General
Antitrust Division
Department of Justice
Washington, D.C. 20530

Re: Application of El Paso Surgical Group, L.L.C. for Expedited Business Review

Dear Madam or Sir:

Pursuant to 28 C.F.R. §50.6 and the expedited business review program, the undersigned respectfully requests the Department of Justice to state its enforcement intentions regarding the proposed formation of El Paso Surgical Group, L.L.C. ("EPSG"). EPSG is a physician network organization which will operate under a structure commonly referred to as a physician organization ("PO") or an independent practice arrangement ("IPA").

The purpose of EPSG is to provide quality general surgical services at reduced costs to managed health benefit plans and other providers. EPSG will be a "non-exclusive" venture comprising of a maximum of twelve general surgeons. The member surgeons of EPSG will be free to compete with EPSG, individually or through other entities. EPSG will implement fee withholding arrangement with the managed care providers whereby EPSG will return up to 20% of the fee amount if certain cost containment and quality utilization goals are not met by the members of EPSG. Thus, the members of EPSG will share substantial financial risk. The member surgeons can lose a substantial amount of compensation due to them if the goals are not met.

In support of this application for an expedited business review, please find enclosed the following documentation:

1. Background information, including a description of the legal form and ownership structure of EPSG, the identity of the members of EPSG as well as all persons who participate in the El Paso general surgical market, the restrictions that EPSG imposes on its members, the ten largest customers for general surgical services in El Paso, and any business synergies, efficiencies and other benefits likely to flow from EPSG;
2. A memorandum discussing the legality of EPSG under antitrust laws; and

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3. All documentation effectuating formation of EPSG, including Articles of Organization, Regulations, Organizational Consent, Member Agreement and Physician Participation Agreement.

EPSG and the members involved therein hereby verify that they have undertaken a good faith search for the documents and information specified under 28 C.F.R. §50.6 and the expedited business review program and, where applicable, have provided all responsive material.

I appreciate your help and attention in this regard. Please contact me if you have any questions.

Very truly yours,

**KRAFSUR, GORDON, MOTT,
SANDERS & MIRANDA, P.C.**

By: 
Patrick R. Gordon

PRG/djw
Enclosures