

U.S. DOJ Antitrust Division
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ENCLOSURES

Enclosed is Resolution 5(b) adopted by the Association's House of Delegates in September of 1999. Also enclosed are a draft of instructions and "WSMA Charge and Reimbursement Survey" draft form.

The "Important" notation at the foot of the "Instructions" is intended to comply with prior DOJ/FTC guidance in the DOJ/FTC Statements of Antitrust Enforcement Policy in Healthcare (1997 revision) § 5 (Collection of Fee-Related Data) ¶ A(2).

ADDITIONAL INFORMATION

The Association expects to direct the survey form to practicing physicians in the State of Washington. The Association expects to publish data gathered by the survey process to its members but recognizes that the information will ultimately likely become widely available as there is no expectation of secrecy or confidentiality of the published information in the hands of WSMA members. The Association likely would provide the resulting published information to members of the public or business community upon request.

As mentioned, the Association believes that the availability of recent historical price information likely will be pro-competitive in the hands of individual decision makers and can be available for general public information or research.

By using medical service codes and service descriptions found in the American Medical Association publication entitled "Current Procedural Terminology" [CPT] the standard reference text for such coding protocols and service descriptions, it is hoped that the pricing information would be relatively consistent across all survey respondents. As the recipients of this letter likely are aware, the providers of these medical services are numerous in the State of Washington, numbering in the thousands - the provider side of the market place is relatively unconcentrated. While patients and employers as purchasers are numerous, a very large percentage of the payments for these services come from a few large institutional payers, including commercial insurers and HMO-type organizations and public entitlement programs. The larger payers include insurers such as Aetna, First Choice, Group Health, PacifiCare, Regence Blue Shield, and Premera Blue Cross.

You will note that the draft survey form requests both the charges made by the individual practices, as well as the actual payments/reimbursements received from the largest payers with which the practice deals. It is expected that the published survey results will identify specific payers by name, together with statistical summaries of actual payments/reimbursements made. It is not expected that the individual medical practices will be identified by name. However, the

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Association may or may not decide to request economic information from its members (e.g. practice size, billing volumes) which may be disclosed statistically without identifying the specific practice by name.

The published results are expected to contain a factual description of the methods utilized to collect data. It is expected that the published results will carry with them introductory information which will include a statement in substance as follows:

It is hoped that this information will assist individual practitioners and individual clinics in making appropriate individual economic decisions. Members and practitioners are reminded that collective action or negotiations on prices are subject to prohibition/limitation under applicable antitrust and similar laws.

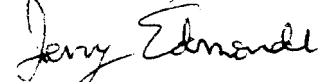
The Association notes that its members are under no legal obligation to respond to the price/reimbursement survey. Response is voluntary.

It is believed that the foregoing information and the enclosures provide the information indicated for "information exchanges" in the U.S. DOJ announcement dated December 1, 1992, although it is not known whether this announcement reflects current division approaches to this subject matter.

We believe that federal and state antitrust laws likely do not differ materially on this subject matter and that enforcement policies likely do not materially differ. Nevertheless, the Association has elected to request review of this proposed business practice from both federal and state antitrust authorities and looks forward to your response, including the provision of additional information as appropriate.

Very truly yours,

WILLIAMS, KASTNER & GIBBS PLLC



Jerry B. Edmonds
Attorney for Washington State Medical Association

JBE:af
Enclosures
cc: Robert Perna