



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 9, 1993

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**ANTITRUST DIVISION RECOMMENDS DISAPPROVAL
OF BLUE CROSS PAYMENT PROVISION**

WASHINGTON, D.C. -- The Antitrust Division has recommended to the Pennsylvania Insurance Department that it disapprove a proposal by Blue Cross of Western Pennsylvania that is likely to raise the costs of hospital services and health plans in western Pennsylvania.

Blue Cross has proposed a "Fair Payment Rate Limitation" (FPRL) clause that would allow them to contract for a hospital's lowest price offered to any non-governmental payer that does not insure more patients than Blue Cross at the same hospital. Blue Cross proposed the FPRL because it found that some managed-care health plans with fewer patients were paying hospitals lower prices than those paid by Blue Cross at those hospitals.

"This proposal would likely raise costs for acute-care hospital services and health care insurance. Such increases in health care costs would adversely affect health care consumers in western Pennsylvania," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, in a September 7, letter to the Pennsylvania Insurance Commissioner.

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