



Department of Justice

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JUSTICE DEPARTMENT APPROVES PROPOSAL TO ESTABLISH NETWORKS OF PROSTHETISTS AND ORTHOTISTS IN PENNSYLVANIA

WASHINGTON, D.C. -- An independent group of Pennsylvania doctors specializing in the replacement of artificial limbs and the treatment of ineffective joints and muscles will be allowed to negotiate collectively with third-party payors on behalf of its members under a proposal approved today by the Department of Justice.

The Department's Antitrust Division approved a proposal under which the Pennsylvania Orthotics & Prosthetics Enterprise, also known as POPE, will form a network of member prosthetists and orthotists in Pennsylvania. POPE will hire a management company that will negotiate contracts with third-party payors on behalf of its members.

The Department's position was stated in a business review letter from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division to counsel for POPE.

Bingaman said the network's activities are not likely to be anticompetitive because:

! POPE will ensure at all times that its membership does not exceed 20 percent of the prosthetists or orthotists in any relevant geographic market.

! The POPE network will be nonexclusive. POPE's members will be free to contract directly with other networks and with third-party payors, and may do so without any notification to or approval from POPE.

! Adequate safeguards will be in place to ensure that members' price and cost information that has been collected to enable the management company to negotiate on behalf of the members is kept confidential and is not seen by any other member.

! POPE will withhold no less than 20 percent of each member's billings, which will be distributed to its members periodically if, as a group, the members meet established efficiency and quality goals.

! Members will be permitted to leave POPE at any time, and the only consequence will be that they forfeit their annual membership fee.

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 will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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