Department of Justice

FOR IMMEDIATE RELEASE
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JUSTICE DEPARTMENT APPROVES PROPOSAL TO ESTABLISH NATIONAL NETWORK OF ORTHOTIC AND PROSTHETIC CLINICAL FACILITIES

WASHINGTON, D. C. -- A Bethesda, Maryland, manufacturer and distributor of orthotic and prosthetic devices will be permitted to establish a national network of clinical facilities and 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 Hanger Orthopedic Group Inc. will form a national network of member orthotic and prosthetic clinics. The network will include members that are owned by and under contract with Hanger.

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 Hanger.

In addition to manufacturing and distributing orthotic and prosthetic devices and their components, Hanger currently owns and operates more than 80 orthotic and prosthetic clinics

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throughout the country. In order to market these services to national health plans and insurers, Hanger plans to establish a national network of owned and contracted orthotic and prosthetic clinics.

The Department said that the Hanger network is unlikely to be anticompetitive because it will not include any competitors in any relevant geographic market.

Bingaman said, "The operation of the network could produce procompetitive benefits. Once established, the network will compete in various relevant geographic markets with other orthotic and prosthetic networks. The result could be better quality and better prices of orthotic and prosthetic services in those markets in which the networks compete."

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement of 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, Suite 215, Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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