Bureau 00 Competition
FEDERAL TRADE GOMMISSlON
WASHlNGT(1W. 0.C.

February 29r 1984

Collin M, Baynie, D,CI
Chair~an
Ethics Cornittee
North Carolina Chiropractic Association
S%QB Michaux Road
Greensboro, Nonih Carolina 24410

Bear Dr, Haynie:

Arthur Lerner has asked me to respond ko your January 29,

8 1984, letter requesting approval sf a code of ethics recently adapted by the Nsmth Carolina Chiropractic

adopted by your assseiatisn,

Z da not have enough information to give you a definitive
opinion sn the leqaPity of the ethical rules you submitted, For axample, there is no indieation of whethen: and how the code of
ethics is to be enforced, f can, however, provide same informal guidance on the antitrust issues raised by these rules, You should understand that this advice does not bind the CornrnissionD

benefit, rather than to injure, competition and consumer web-fare, Xn some instances, hswevee, ethicaL rules can unreasonably restrict competition and thereby violate the antitrust Laws, 'F

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The legality of the Association% self regulatshy progrm depends on an assessment of its purpses and competition

affects.u In assessing whether a professional association's

- See United States v. National Soc'y of Professional Eng'rs, 435 UoS. 679 (1978).

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D,C,

rules and procedures injure competition, it is smetimes necessary

ts know to what extent membership in the association Is necessary in order to empete effectively, The greater the imwrtanee of membership as a competitive factor, the greater is the imprtance sf ensuring that restrictions imposed by ethical rules are objee-

tive, reasonable, not overly broad, and applied in a Eair and non-
discriminatory manner, In the absence of an actual

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consider a mote na~rowlytailsred rule, that prohibits misrepre- sentations of material facts to insurance eampanies,
Rule 21, which provides that it is "highly undthieal" to
charge insured patients a higher fee than uninsured patients,

appears to be overbroad, Here again, the Association can properly prohibit false or misleading representations $0 insurers, Rule

2X8 hawever, appears to prohibit dentists from granting various discounts, such as discounts to those who pay cash at the time service is rendered, Agreements not to grant discounts can in some circmstanees constitute illegal price-fixing,

Rule 22 appears to be a restatement of a ruling by the North Carolina Chiropractic Board sf by

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addition, let me know as soon as pssible what action the Associa-

tion intends to take with respect to the ethical rules that you submitted,

Very truly yours,

Elizabeth R, Hilder
Attorney