FEDERALTRADE COMMISSION

WASHINGTON, D. C. 20580

Edward J, Lynch Executive Vice President
Rhode Zsland Professional Standards
Review Organization, Inc,
The Weld Building
345 Blackstone Boulevard
Providence, Rhode Island 02906

Dear Mr, Lynch:

This is in response to your request for an advisory opinion concerning a proposed program for private peer review to be

8 undertaken by the Rhode Island Professional Standards Review

Organization ("RIPSRO"). By letter of January 5, 1983, you asked

the Bureau of Competition whether RIPSRO and its participating physicians would violate the antitrust laws by performing peer
review for private employers' bhelth benefits programs. You

clarified your request by telephone with Bureau of Competition Assistant Director Arthur N, Lerner, sending supplemental
materials to him, including a draft of the contract to be used in
the program, Since your request raises an issue of significant public interest, under Section 1,E of the Commission" Rules of Practice an advisory opinion from the Commission itself, rather than from the Bureau of Competition, is warranted,

Based on the information provided, the Commission under-
stands that RIPSRO is a nonprofit organization of physicians in Rhode Island that intends to perform certain services as part of
its private peer review

I) preadmission review of
hospital admissions for elective surgery; 2) concuerent review of
~ n-nospital health services, including certification or non- certification of admissions, assignment of recommended appro-

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, priate length of stay, and periodic recommendation concerning continued stay; 3) retrospective review of certain hospital admissions; 4) monitoring of hospital discharge planning; and
5) quality review studies. The Commission also understands that

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health care plans reduce costs, it also will. increase the eom-

petitive incentives for other third-party payers to participate . in effective cost-containment programs, In addition, RIPSROss
1 peer review program can help health care providers practice in a cost-csnseious manner, and give them greater incentive to do so,

This advisory opinion, Like all those the Commission issues,
is limited to the proposed eonduet your submission describes,
Thus, as noted in the Commission's opinion Let-ter concerning the Iowa Dental Association" fee review program, ", . . great care
must continually be taken in carrying out the program to assur2

that its purpose remains legitimate and that it does not produce significant anticompetitive effects and thereby run afoul of the
antitrust laws," Usu should, for example, avoid any misuse of
the peer review program to discriminate against innovative com-
petitors whose practices, although legitimate and appropriate,
may pose a competitive threat to other ph"�1.779 0 0313 Tc 12 6Ivn6Ccer1Bj�1.2