

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Timothy J. Muris, Chairman  
Sheila F. Anthony  
Mozelle W. Thompson  
Orson Swindle  
Thomas B. Leary

\_\_\_\_\_)  
In the Matter of )  
) Docket No. C-  
PHYSICIAN NETWORK )  
CONSULTING, L.L.C., )  
a limited liability company, )  
)  
MICHAEL J. TAYLOR, )  
individually, )  
)  
PROFESSIONAL ORTHOPEDIC )  
SERVICES, INC., )  
a corporation, )  
)  
THE BONE AND JOINT CLINIC OF )  
BATON ROUGE, INC., )  
a corporation, )  
)  
BATON ROUGE ORTHOPAEDIC )  
CLINIC, L.L.C., )  
a limited liability company, )  
)  
and )  
)  
ORTHOPAEDIC SURGERY )  
ASSOCIATES OF )  
BATON ROUGE, L.L.C., )  
a limited liability company. )  
\_\_\_\_\_)

DECISION AND ORDER



address at 5408 Flanders Drive, Baton Rouge, LA 70808.

4. Respondent The Bone and Joint Clinic is a for-profit corporation, organized, existing, and doing business under and by virtue of the laws of the State of Louisiana, with its principal address at 7777 Hennessy Boulevard, Suite 7000, Baton Rouge, LA 70808.
5. Respondent Baton Rouge Orthopaedic Clinic is a for-profit limited liability company, organized, existing, and doing business under and by virtue of the laws of the State of Louisiana, with its principal address at 7443 Picardy Avenue, Baton Rouge, LA 70808.
6. Respondent Orthopaedic Surgery Associates is a for-profit limited liability company, organized, existing, and doing business under and by virtue of the laws of the State of Louisiana, with its principal address at 5408 Flanders Drive, Baton Rouge, LA 70808.
7. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondents (and, for Respondent Orthopaedic Surgery Associates, each physician member), and the proceeding is in the public interest.

7.

assigns; and the subsidiaries, divisions, groups, and affiliates controlled by The Bone and Joint Clinic of Baton Rouge, Inc., and the respective officers, directors, employees, agents, attorneys, representatives, successors, and assigns of each.

E. “Respondent Baton Rouge Orthopaedic Clinic” means Baton Rouge Orthopaedic Clinic, L.L.C., its officers, directors, employees, agents, attorneys, representatives, successors, and assigns; and the subsidiaries, divisions, groups, and affiliates controlled by Baton Rouge Orthopaedic Clinic, L.L.C., and the respective officers, directors, employees, agents, attorneys, representatives, successors, and assigns of each.

F.

- M. “Physician” means a doctor of allopathic medicine (“M.D.”) or a doctor of osteopathic medicine (“D.O.”).
- N. “Principal address” means either (1) primary business address, if there is a business address, or (2) primary residential address, if there is no business address.
- O. “Qualified clinically-integrated joint arrangement” means an arrangement to provide physician services in which:
1. all physicians who participate in the arrangement participate in active and ongoing programs of the arrangement to evaluate and modify the practice patterns of, and create a high degree of interdependence and cooperation among, the physicians who participate in the arrangement, in order to control costs and ensure the quality of services provided through the arrangement; and
  2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the joint arrangement.
- P. “Qualified risk-sharing joint arrangement” means an arrangement to provide physician services in which:
1. all physicians who participate in the arrangement share substantial financial risk through their participation in the arrangement and thereby create incentives for the physicians who participate jointly to control costs and improve quality by managing the provision of physician services, such as risk-sharing involving:
    - a. the provision of physician services to payors at a capitated rate,
    - b. the provision of physician services for a predetermined percentage of premium or revenue from payors,
    - c. the use of significant financial incentives (*e.g.*, substantial withholds) for physicians who participate to achieve, as a group, specified cost-containment goals, or
    - d. the provision of a complex or extended course of treatment that requires the substantial coordination of care by physicians in different specialties offering a complementary mix of services, for a fixed, predetermined price, where the costs of that course of treatment for any individual patient can vary greatly due to the individual patient’s condition, the choice, complexity, or length of

treatment, or other factors; and

2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the joint arrangement.

## **II.**

(i)





(30) days of the time that such participation begins;

- b. each payor that contracts with Respondent Professional Orthopedic Services for the provision of physician services, within thirty (30) days of the time that such payor enters into such contract, excluding arrangements entered into pursuant to a qualified clinically-integrated joint arrangement or a qualified risk-sharing joint arrangement;
- c. each person who becomes an officer, director, manager, or employee of Respondent Professional Orthopedic Services, and who did not previously receive a copy of this Order and the Complaint from Respondent Professional Orthopedic Services, within thirty (30) days of the time that

he or she assumes such responsibility with Respondent Professional Orthopedic Services; and

- 2. Annually publish a copy of this Order and the Complaint in an official annual report or newsletter sent to all physicians who participate in Respondent Professional Orthopedic Services, with such prominence as is given to regularly featured articles;
- C. Notify the Commission at least thirty (30) days prior to any proposed change in Respondent Professional Orthopedic Services, such as dissolution, assignment, sale resulting in the emergence of a successor company or corporation, the creation or dissolution of subsidiaries or any other change in Respondent Professional Orthopedic Services that may affect compliance obligations arising out of this Order; and
- D. File verified written reports within sixty (60) days after the date this Order becomes final, annually thereafter for three (3) years on the anniversary of the date this Order becomes final, and at such other times as the Commission may by written notice require. Each report shall include:
- 1. a detailed description of the manner and form in which Respondent Professional Orthopedic Services has complied and is complying with this Order;
  - 2. the name, address, and telephone number of each payor with which Respondent Professional Orthopedic Services has had any contact; and
  - 3. copies of the delivery confirmations and return receipts required by Paragraphs V.A and V.B.

## VI.

**IT IS FURTHER ORDERED** that, within thirty (30) days after the date on which this Order

contract, while representing or advising any physician or group of physicians relating to contracting with such payor for the provision of physician services, excluding contracts only for the provision of physician services provided by a medical group practice, within thirty (30) days of such dealing; and

- B. File verified written reports within sixty (60) days after the date this Order becomes final, annually thereafter for three (3) years on the anniversary of the date this Order becomes final, and at such other times as the Commission may by written notice require. Each report shall include:
1. a detailed description of the manner and form in which Respondent Physician Network Consulting has complied and is complying with this Order;
  2. the name, address, and telephone number of each physician that Respondent Physician Network Consulting has represented or advised with respect to his or her dealings with any payor in connection with the provision of physician services, excluding those physician services provided pursuant to a qualified clinically-integrated joint arrangement or a qualified risk-sharing joint arrangement;
  3. the name, address, and telephone number of each payor with which Respondent Physician Network Consulting has dealt while representing any physicians in connection with the provision of physician services, excluding those represented pursuant to a qualified clinically-integrated joint arrangement or a qualified risk-sharing joint arrangement;
  4. copies of the delivery confirmations and return receipts required by Paragraphs VI and VII.A; and
- C. Notify the Commission at least thirty (30) days prior to any proposed change in Respondent Physician Network Consulting, such as dissolution, assignment, sale resulting in the emergence of a successor company or corporation, or the creation or dissolution of subsidiaries or any other change in Respondent Physician Network Consulting that may affect compliance obligations arising out of this Order.

## VIII.

**IT IS FURTHER ORDERED** that, if Respondent Physician Network Consulting fails to comply with all or any portion of Paragraphs IV, VI, VII.A.2, VII.B, or VII.C of this Order within sixty (60) days of the time set forth in those paragraphs, then Respondent Taylor shall, within thirty (30)

days thereafter, comply with those portions of Paragraphs IV, VI, VII.A.2, VII.B, or VII.C of this Order with which Respondent Physician Network Consulting did not comply.

**IX.**

**IT IS FURTHER ORDERED** that each Respondent Physician Practice (and, for Respondent Orthopaedic Surgery Associates, each physician member) shall:

- A. Within thirty (30) days after the date on which this Order becomes final, send by first-class mail, return receipt requested, copies of this Order, the Complaint, and the notice specified in Appendix A to this Order, to the Vice President of Network Management for United

date it is issued.

By the Commission.

Donald S. Clark  
Secretary

SEAL

ISSUED:

**Appendix A.**

[letterhead of Respondent sending letter]

[date]

[name],  
Vice President of Network Management  
United HealthCare of Louisiana, Inc.  
3838 North Causeway Boulevard  
Metairie, Louisiana 70002

Dear [name]:

Enclosed is a copy of a complaint and a consent order issued by the Federal Trade Commission against Physician Network Consulting, L.L.C., and others.

Pursuant to Paragraph IX of the enclosed consent order, [Respondent] must allow you to terminate, upon your written request, without any penalty or charge, any contracts with [Respondent] that were in effect prior to your receipt of this letter.

Any request to terminate the contract should be made in writing, and sent to me at the following address: [Respondent's address].

Sincerely,

[Respondent]