
The Federal Trade Commission (“Commission”), having initiated an investigation of certain acts and practices of Physician Network Consulting, L.L.C. (“Physician Network Consulting”), Michael J. Taylor, Professional Orthopedic Services, Inc. (“Professional Orthopedic Services”), The Bone and Joint Clinic of Baton Rouge, Inc. (“The Bone and Joint

Clinic”), Baton Rouge Orthopaedic Clinic, L.L.C. (“Baton Rouge Orthopaedic Clinic”), and Orthopaedic Surgery Associates of Baton Rouge, L.L.C. (“Orthopaedic Surgery Associates”), hereinafter collectively referred to as “Respondents,” and Respondents having been furnished thereafter with a copy of the draft of Complaint that counsel for the Commission proposed to present to the Commission for its consideration and which, if issued, would charge Respondents with violations of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondents (and, for Respondent Orthopaedic Surgery Associates, each physician member), their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order to Cease and Desist (“Consent Agreement”), containing an admission by Respondents (or, for Respondent Orthopaedic Surgery Associates, each physician member) of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondents (or, for Respondent Orthopaedic Surgery Associates, each physician member) that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondents (or, for Respondent Orthopaedic Surgery Associates, each physician member) have violated said Act, and that a Complaint should issue stating its charges in that respect, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for thirty (30) days for the receipt and consideration of

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.

that, as used in this Order, the following definitions shall apply:

- A. “Respondent Physician Network Consulting” means Physician Network Consulting, L.L.C., its officers, directors, employees, agents, attorneys, representatives, successors, and assigns; and the subsidiaries, divisions, groups, and affiliates controlled by Physician Network Consulting, L.L.C., and the respective officers, directors, employees, agents, attorneys, representatives, successors, and assigns of each.
- B. “Respondent Taylor” means Michael J. Taylor.
- C. “Respondent Professional Orthopedic Services” means Professional Orthopedic Services, Inc., its officers, directors, employees, agents, attorneys, representatives, successors, and assigns; and the subsidiaries, divisions, groups, and affiliates controlled by Professional Orthopedic Services, Inc., and the respective officers, directors, employees, agents, attorneys, representatives, successors, and assigns of each.
- D. “Respondent The Bone and Joint Clinic” means The Bone and Joint Clinic of Baton Rouge, Inc., its officers, directors, employees, agents, attorneys, representatives, successors, and 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. “Respondent Orthopaedic Surgery Associates” means Orthopaedic Surgery Associates of Baton Rouge, L.L.C., its officers, directors, employees, agents, attorneys, representatives, successors, and assigns; and the subsidiaries, divisions, groups, and affiliates controlled by Orthopaedic Surgery Associates of Baton Rouge, L.L.C., and the respective officers, directors, employees, agents, attorneys, representatives, successors, and assigns of each. Respondent Orthopaedic Surgery Associates includes, but is not limited to, Kenneth C. Cranor, M.D., Samuel C. Irwin, M.D., and Charles S. Walker, M.D. During the period of illegal conduct described in the Complaint, Orthopaedic Surgery Associates was a partnership among these three physicians.
- G. “Respondent Physician Practices” means Respondent The Bone and Joint Clinic, Respondent Baton Rouge Orthopaedic Clinic, and Respondent Orthopaedic Surgery Associates.
- H. “Respondents” means Respondent Physician Network Consulting, Respondent Taylor, Respondent Professional Orthopedic Services, and Respondent Physician Practices.
- I. “Medical group practice” means a bona fide, integrated firm in which physicians practice medicine together as partners, shareholders, owners, members, or employees, or in which only one physician practices medicine.
- J. “Participate” in an entity means (1) to be a partner, shareholder, owner, member, or

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

commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44, cease and desist from:

- A. Entering into, adhering to, participating in, maintaining, organizing, implementing, enforcing, or otherwise facilitating any combination, conspiracy, agreement, or understanding between or among any physicians:
 - 1. To negotiate on behalf of any physician with any payor;
 - 2. To deal, refuse to deal, or threaten to refuse to deal with any payor;
 - 3. Regarding any term, condition, or requirement upon which any physician deals, or is willing to deal, with any payor, including, but not limited to, price terms; or
 - 4. Not to deal individually with any payor, or not to deal with any payor through any arrangement other than Respondent Professional Orthopedic Services;
- B. Exchanging or facilitating in any manner the exchange or transfer of information among physicians concerning any physician’s willingness to deal with a payor, or the terms or conditions, including price terms, on which the physician is willing to deal with a payor;
- C. Attempting to engage in any action prohibited by Paragraph II.A or II.B, above; and
- D. Encouraging, suggesting, advising, pressuring, inducing, or attempting to induce any person to engage in any action that would be prohibited by Paragraphs II.A through II.C above.

, that, nothing in this Paragraph II shall prohibit any agreement involving, or conduct by:

- (i) Respondent Physician Network Consulting or Respondent Taylor, subject to the provisions of Paragraph IV below, that is reasonably necessary to form, participate in, or take any action in furtherance of a qualified risk-sharing joint arrangement or qualified clinically-integrated joint arrangement, or that solely involves physicians in the same medical group practice;
- (ii) Respondent Professional Orthopedic Services that is reasonably necessary to form, participate in, or take any action in furtherance of a qualified risk-sharing joint arrangement or qualified clinically-integrated joint arrangement, and so long as the arrangement does not restrict the ability, or facilitate the refusal, of physicians who participate in it to deal with payors on an individual basis or through any other arrangement; or

that Respondent Professional Orthopedic Services shall:

- A. Within thirty (30) days after the date on which this Order becomes final, send by first-class mail, with delivery confirmation, a copy of this Order and the Complaint to:
 - 1. each physician who participates, or has participated, in Respondent Professional Orthopedic Services; and
 - 2. each officer, director, manager, and employee of Respondent Professional Orthopedic Services;
- B. For three (3) years after the date this Order becomes final:
 - 1. Distribute by first-class mail, return receipt requested, a copy of this Order and the Complaint to:
 - a. each physician who begins participating in Respondent Professional Orthopedic Services, and who did not previously receive a copy of this Order and the Complaint from Respondent Professional Orthopedic

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.

that, within thirty (30) days after the date on which this Order becomes final, Respondent Physician Network Consulting shall send a copy of this Order and the Complaint by first-class mail:

- A. With delivery confirmation, to each physician who participates, or has participated, in a physician group represented by Respondent Physician Network Consulting since January 1, 1999, excluding physicians being represented only to provide services pursuant to a qualified clinically-integrated joint arrangement or a qualified risk-sharing joint arrangement;
- B. With return receipt requested, to each present and past employee of Respondent Physician Network Consulting, and to each individual who has acted as a contractor for Respondent Physician Network Consulting (1) relating to contracting, or seeking to contract, with payors for the provision of physician services, or (2) relating to advising physicians with regard to their dealings with payors in connection with the provision of physician services; and
- C. With delivery confirmation, to each payor with which Respondent Physician Network Consulting deals or has dealt since January 1, 1999, for the purpose of contracting, or seeking to contract, while representing or advising any physician or group of physicians relating to contracting with such payor for the provision of physician services, excluding contracting only for the provision of physician services provided pursuant to a qualified clinically-integrated joint arrangement or a qualified risk-sharing joint arrangement.

that Respondent Physician Network Consulting shall:

- A. For three (3) years after the date this Order becomes final, distribute a copy of this Order and the Complaint:
 1. by first-class mail, with delivery confirmation, to all physicians, excluding any physicians only involved in a medical group practice, that Respondent Physician Network Consulting represents relating to contracting, or seeking to contract, with payors for the provision of physician services, or that Respondent Physician Network Consulting advises relating to providing payors with physician services, within (30) days of the time that Respondent Physician Network Consulting begins providing such representation or advice;
 2. by first-class mail, with delivery confirmation, to each payor with which Respondent Physician Network Consulting deals for the purpose of contracting, or seeking to 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.

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.

that each Respondent Physician Practice (and, for Respondent Orthopaedic Surgery Associates, each physician member) shall:

compliance with this Order, each Respondent shall permit any duly authorized representative of the Commission:

- A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda, calendars, and other records and documents in its possession, or under its control, relating to any matter contained in this Order; and
- B. Upon five (5) days' notice to such Respondent, and in the presence of counsel, and without restraint or interference from it, to interview such Respondent or the officers, directors, and employees of such Respondent.

[letterhead of Respondent sending letter]

[date]

[name],