

ANALYSIS OF AGREEMENT CONTAINING

efficiencies such as lower costs, and unless the price agreements are reasonably necessary to obtain those efficiencies. According to the complaint, neither SGHP, nor any other respondent, engaged in such integration so as to justify their price-fixing activities.

The proposed order's specific provisions are as follows:

The proposed order's core prohibitions are contained in Paragraphs II and III. Paragraph II.A prohibits respondents from entering into or facilitating any agreement between or among

sharing joint arrangement or a qualified clinically-integrated joint arrangement to notify the Commission at least 60 days prior to negotiating or entering into agreements with payors, or discussing price or related terms among the participants of the arrangement. Paragraph IV.B sets out the information necessary to make the notification complete. Paragraph IV.C establishes the Commission's right to obtain additional information regarding the arrangement.

Paragraphs V.A, V.B, and V.C set out the requirement that SGHP or Owner PHO respondents send the Order, the Complaint, and a letter of notice to each payor with which SGHP or an Owner PHO has been in contact since January 1, 1995. This notice provision, set out in Appendix A, will inform payors that any contract with SGHP may be terminated at the payor's written request, per Paragraph V.B. Absent such written request, however, Paragraph V.B provides that all such contracts will terminate upon their termination or renewal date. This provision is intended to eliminate the effects of respondents' anticompetitive concerted actions. The remaining provisions of Paragraph V and Paragraphs VI through VIII of the proposed order impose obligations on respondents with respect to distributing the proposed complaint and order to SGHP's members and to other specified persons, and reporting information to the Commission.

The proposed order will expire in 20 years.