

**ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS
TO AID PUBLIC COMMENT
*In the Matter of Carilion Clinic, Docket No. 9338***

I. INTRODUCTION

The Federal Trade Commission (“Commission”) has accepted for public comment, subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) from Carilion Clinic (“Carilion”). The purpose of the proposed Consent Agreement is to remedy the competitive harm resulting from Carilion’s acquisition of two independent outpatient centers, Odyssey IV, L.L.C. d/b/a The Center for Advanced Imaging (“CAI”), and The Center for Surgical Excellence, L.L.C. (“CSE”). Under the terms of the proposed Consent Agreement, Carilion is required to divest both acquired centers, together with related assets sufficient to ensure that the buyer(s) of the divested centers will replace fully the competition eliminated by the acquisition.

The proposed Consent Agreement has been placed on the public record for thirty (30) days to solicit comments from interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission again will review the proposed Consent Agreement and comments received, and decide whether it should withdraw the Consent Agreement or make it final.

The sole purpose of this analysis is to facilitate public comment on the Consent Agreement; it is not intended to constitute an official interpretation of the Consent Agreement or modify its terms in any way.

II. BACKGROUND

Carilion is the largest provider of healthcare services in the Roanoke, Virginia area, controlling nearly 80 percent of the hospital beds in the Roanoke area. On August 28, 2008, Carilion acquired CAI and CSE, the only two independent (non-hospital-owned) providers of advanced outpatient imaging and outpatient surgical services in the Roanoke area. Advanced outpatient imaging services are a cluster of imaging services, including Magnetic Resonance Imaging (“MRI”) and Computerized Tomographic Imaging (“CT”) scanning, used to obtain images of the internal anatomy. Outpatient surgical services are surgical procedures, such as interventional spine surgeries or vascular access surgeries, that do not require an overnight stay at a hospital.

Prior to the acquisition, CAI and CSE were direct competitors to Carilion for these services in the Roanoke area, competing on price as well as non-price terms. Notably, the freestanding centers’ charges were significantly lower than Carilion’s charges for the same

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In addition to requiring the divestiture of both centers and all related assets, the Consent Agreement includes several provisions designed to accelerate the Commission-approved buyer(s)' ability to replicate the competition that was eliminated by the acquisition. For example, the Consent Agreement prohibits Carilion from soliciting for employment any physician or physician practice that has referred patients to CAI since the acquisition. The prohibition is effective for six months as of the date Carilion signs the Agreement Containing Consent Order