

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS:

3. The Merger eliminated price and non-price competition among the Keystone Component Practices and created a dominant orthopedic practice. Following the Merger, Keystone exercised unilateral market power to raise prices for orthopedic physician services. As a result, most health plans in Berks County are paying prices for orthopedic physician services that are significantly higher than prices they paid prior to the Merger.
 4. Although health plans are usually the direct customers for orthopedic physician services provided to many patients, higher prices for those services are passed on to employers and other group purchasers of health insurance plans. Such costs are ultimately borne by patients in Berks County through higher premiums, co-payments, and other out-of-pocket
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- a. Eliminating actual, direct, and substantial competition between the orthopedists in the Keystone Component Practices;
 - b. Increasing the ability of the merged entity unilaterally to raise prices for orthopedic physician services; and
 - c. Reducing incentives to maintain or improve service and quality in the relevant market.
22. Before the Merger, the Keystone Component Practices competed and health plans could form a network with some, but not all, of the Keystone Component Practices. After the Merger, Keystone negotiated prices with health plans on behalf of all the previously competing Keystone Component Practices, and health plans could not offer a commercially marketable and appealing provider network to serve Berks County residents without Keystone. Thus, Keystone acquired substantial market power through the Merger, which it used to raise prices to most health plans operating in Berks County, including a Medicaid managed-care plan.

ENTRY CONDITIONS

23. Attracting new orthopedists to Berks County is difficult, expensive, and time intensive. Neither entry by new firms nor expansion by the remaining practices following the Merger has been timely or u77 09iOe