

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

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 Terrell McSweeney

In the Matter of)	
)	
Keystone Orthopaedic Specialists, LLC,)	
a professional limited liability company, and)	
)	Docket No. C-4562
Orthopaedic Associates of Reading, Ltd.,)	
a professional corporation.)	
)	

DECISION AND ORDER

The Federal Trade Commission (“Commission”), having initiated an investigation of certain acts and practices of Keystone Orthopaedic Specialists, LLC, hereafter referred to as “Respondent Keystone,” and Orthopaedic Associates of Reading, Ltd., hereafter referred to as “Respondent Orthopaedic Associates,” and Respondent Keystone and Respondent Orthopaedic Associates having been furnished thereafter with a copy of a draft Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent Keystone and Respondent Orthopaedic Associates with violating Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent Keystone and Respondent Orthopaedic Associates, their attorneys and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), containing an admission by Respondent Keystone and Respondent Orthopaedic Associates of all the jurisdictional facts set forth in the aforesaid draft Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent Keystone and Respondent Orthopaedic Associates 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 Respondent Keystone and Respondent Orthopaedic Associates have violated the said Acts, 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 a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

1. Respondent Keystone is a for-profit professional limited liability company organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal place of business located at 1270 Broadcasting Road, Reading, Pennsylvania 19610.
2. Respondent Orthopaedic Associates is a for-profit professional corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal place of business located at 301 South Seventh Avenue, Suite 3220, West Reading, Pennsylvania 19611.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondent Keystone and Respondent Orthopaedic Associates, and the proceeding is in the public interest.

ORDER

I.

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

- A. “Respondent Keystone” means Keystone Orthopaedic Specialists, LLC, its directors, officers, employees, agents, and representatives; its successors and assigns; its joint ventures, subsidiaries, divisions (including, without limitation, Advanced Orthopaedics of Reading, Arthritis & Joint Replacement Center of Reading, P.C., Berkshire Orthopedic Associates, Inc., Bone & Joint Care Center, Commonwealth Orthopaedic Associates, Inc., and Reading Neck and Spine Center, P.C.), groups and affiliates controlled by Respondent Keystone, and the respective directors, officers, employees, agents, representatives, successors and assigns of each.
- B. “Respondent Orthopaedic Associates” means Orthopaedic Associates of Reading, Ltd., its directors, officers, employees, agents, and representatives; its successors and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Respondent Orthopaedic Associates, and the respective directors, officers, employees, agents, representatives, successors and assigns of each.

1.

1. To negotiate on behalf of any Orthopedists with any Payor;
2. To refuse to deal or threaten to refuse to deal with any Payor;
3. R

Provided, however, that any Notification required by this Paragraph V is not required for negotiations or agreements with subsequent Payors pursuant to any Qualified Arrangement for which such Notification was given; and

B. Each Respondent shall include the following information in the Notification:

1. For each Physician Participant, his or her name, address, telephone number, medical specialty, Medical Group Practice, if applicable, and the name of each hospital where he or she has privileges;
2. A description of the Qualified Arrangement, its purpose, function and area of operation;
3. A description of the nature and extent of the integration and the efficiencies resulting from the Qualified Arrangement;
4. An explanation of the relationship of any agreement of prices or contract terms related to price to furthering the integration and achieving the efficiencies of the Qualified Arrangement;
5. A description of any procedures proposed to be implemented to limit possible anticompetitive effects resulting from the Qualified Arrangement or its activities; and
6. All studies, analyses and reports, which were prepared for the purpose of evaluating or analyzing competition for Physician services in Berks County, Pennsylvania, including, but not limited to,

- D. Within (10) days of receiving notification from a Payor to terminate, pursuant to Paragraph VI.C of the Order, notify in writing by first-class mail, with return receipt or delivery confirmation, or by facsimile or electronic mail with return confirmation each Orthopedist Participating in Respondent of the date such contract is to be terminated.
- E. For three (3) years after the date on which this Order is issued, send by first-class mail, with return receipt or delivery confirmation, or by facsimile or electronic mail with return confirmation a copy of this order and the Complaint to each:
 - 1. Orthopedist who begins Participating in Respondent for the provision of orthopedic services, and who did not previously receive a copy of the Order and the Complaint, within thirty (30) days of the date that such Participation begins;
 - 2. Payor who contracts with Respondent for the provision of Physician services, who did not previously receive a copy of the Order and the Complaint, within thirty (30) days of the date such Payor enters into such contract; and
 - 3. Person who becomes an officer, director, or manager of Respondent (including, but not limited to, the manager of each Keystone division) and any employee of Respondent with responsibilities related to negotiating or contracting with a Payor , and who did not previously receive a copy of the Order and the Complaint, within thirty (30) days of the date that he or she assumes such status with Respondent.

VII.

IT IS FURTHER ORDERED that each Respondent shall file a verified written report within sixty days after the date this Order is issued, annually thereafter for ten (10) years on the anniversary of the date this Order is issued, and at such other times as the Commission may by written notice require. Each report shall include, among other information that may be necessary:

- A. A detailed description of the manner and form in which Respondent has complied and is complying with the Order, including, as applicable but not limited to, seeking the prior approvals required by Paragraphs II and III of this Order;
- B. The name of each Orthopedist who did not Participate in the practice of orthopedics in Berks County and who began Participating in Respondent during the one (1) year period preceding the date for filing such report;
- C. The name, address, and telephone number of each Payor with which each Respondent has had any contact during the one (1) year period preceding the date for filing such report;
- D. The identity of each Payor sent a copy of the letter attached as Exhibit A, the response of each Payor to that letter and the status of each contract to be terminated pursuant to that letter; and

Appendix A

[letterhead of Relevant Respondent]

[name of Payor's
CEO] [address]

Dear _____:

Enclosed is a copy of a complaint and a consent order (“Order”) issued by the Federal Trade Commission against Respondents Keystone Orthopaedic Specialists, LLC (“Keystone”) and Orthopaedic Associates of Reading, Ltd. (“OAR”).

Pursuant to Paragraph VI.C. of the Order, [Relevant Respondent] must allow you to terminate, upon your written request, without any penalty or charge, any contracts with [Relevant Respondent] that are in effect as of the date you receive this letter.

If you do not make a written request to terminate the contract, Paragraph VI.C. further provides that the contract will terminate on the earlier of the contract’s termination date, renewal date (including any automatic renewal date), or anniversary date, which is [date].

You may, however, ask [Relevant Respondent] to extend the contract beyond [date], the termination, renewal, or anniversary date, to any date no later than [date], one (1) year after the date the Order becomes final.

If you choose to extend the term of the contract, you may