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RESPONDENT

5. OFTACOOP is a not-for-profit corporation organized, existing, and doing business as a cooperative under and

13. In some instances, physicians and payors contract with network administrators. Network administrators provide various services to payors, including assembling provider panels, assuming financial risk, and offering administrative services such as credentialing, utilization management, and claims processing services. While many payors conduct these functions in-house, they may also contract with a network administrator to perform some or all of these services in exchange for a fee. These contracts with a network administrator may reduce payors' costs and may enable payors to lower the price of health insurance and reduce patients' out-of-pocket medical care expenses.

14. Physicians contracting with a network administrator often agree to discount or lower their reimbursement rates in exchange for access to additional patients made available by that network administrator's relationship with health-plan subscribers. These contracts with physicians may reduce a network administrator's costs and enable it to provide services to individuals covered by a payor's health plan at a lower cost than the health plan is able to provide on its own.

ANTICOMPETITIVE CONDUCT

Payor MCS Retained Network Administrator Eye Management to Help Lower Costs of Ophthalmology Services

15. MCS, a payor, provides healthcare services to enrollees of its Medicare Advantage plans pursuant to a contract with Medicare. Medicare pays MCS a premium; in exchange, MCS arranges and pays for healthcare services for its enrollees.

16. To participate in the Medicare Advantage program, MCS must offer a network with a sufficient number of physicians because the network must comply with the program's requirement of providing adequate access to healthcare services for its Medicare Advantage enrollees. In 2014, MCS therefore needed a certain number of ophthalmologists in its network to meet the program's requirement of

would enter into new contracts directly with ophthalmologists to replace MCS's existing contracts with each ophthalmologist. In addition, Eye Management would administer ophthalmology services and benefits provided to MCS enrollees, including credentialing, utilization review, claims processing, and other management services.

20. On or about June 4, 2014, MCS sent a letter to OFTACOOP members and other ophthalmologists in

the antitrust laws. Indeed, despite the cease-and-desist letter from Eye Management, the former secretary of the Board told the attendees that they had to be united against Eye Management.

26. Respondent's efforts to unite the ophthalmologists against Eye Management had the desired effect. While some ophthalmologists initially told Eye Management they would sign a contract with Eye Management, the positive response quickly came to a halt after the June 14, 2014 OFTACOOP meeting and email. Some ophthalmologists told Eye Management that they would not accept the proposed contract until they received further instructions from OFTACOOP. Another ophthalmologist told Eye Management he would not sign the Eye Management contract because that was the agreement reached among OFTACOOP members and others. In the end, only a few ophthalmologists joined the Eye Management network. The final number of contracting ophthalmologists was well below what MCS needed in its network to meet network adequacy requirements under the Medicare Advantage program.

27. This was the first time Eye Management and its affiliates had encountered a widespread unwillingness by providers to join their networks. In fact, Eye Management and its affiliates have successfully created provider networks for at least six different medical specialties in several states, even when offering providers lower reimbursement than they had previously received under their contracts with health plans. In fact, the same year Eye Management was unable to contract with ophthalmologists because of Respondent's conduct, it successfully assembled

32. With the ophthalmologists standing firm in their agreement not to participate in any lower-cost arrangement with MCS, MCS met with OFTACOOB's president, the former secretary of the Board, and other ophthalmologists to try to resolve the impasse. During a meeting in September 2014, the ophthalmologists made clear that OFTACOOB remained united in opposing MCS's efforts to contract at lower rates. MCS therefore had no choice but to abandon its plan to reduce rates and instead continued paying the higher rates to the ophthalmologists to retain its provider network for its Medicare Advantage members. Had MCS been able to lower the rates it paid to ophthalmologists, it may have been able to benefit consumers in two ways: (i) pass savings along to its members in the form of lower out-of-pocket medical expenditures

VIOLATION CHARGED

36. The acts and practices described above constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such acts and practices, or the effects thereof, will recur in the absence of the relief herein requested.

. **WHEREFORE, THE PREMISES CONSIDERED,** the Federal Trade Commission on this twenty-seventh day of a.41 0 ToTJ (1T5(t)-6c06(hr/.41/..la Toin/..t a Tog)1(n vToin/.. t)-t 1 -1.0 To u)-4(a