September 14, 1993

ANTI-TRUST PRESS CONFERENCE

DATE:	September 15, 1993
LOCATION:	Department of Justice
TIME:	10:30 a.m.
FROM:	Kim Tilley, Amy Nemko

I. PURPOSE

To announce new guidelines being promulgated by the Federal Trade Commission and the Department of Justice.

II. BACKGROUND

The new guidelines are to make it easier for health care providers to engage in mergers and joint ventures that will produce competition, help consumers and reduce health care costs. There has been uncertainties previously as to when such acts would violate anti-trust laws. This announcement sets certain guidelines and is a statement of commitment by the FTC and DOJ to respond to all requests within 90 days.

III. PARTICIPANTS

Attorney General Janet Reno
Janet Steiger, Federal Trade Commission (NOTE: Janet Steiger was appointed by the Bush Administration, but the Clinton Administration has kept her in this position because of her excellent track record.)
Assistant Attorney General Ann Bingaman (check spelling)
Senator Howard Metzenbaum, Chairman - Senate Subcommittee on Antitrust, Monopolies and Business Rights
Representative Jack Brooks, Chairman - House Judiciary Committee and House Subcommittee on Economic and Commercial Law

IV. PRESS PLAN

Open.

V. SEQUENCE OF EVENTS

- Arrive at Attorney General's office and greet press conference participants then proceed to conference room;
- AG speaks then intros HRC (NOTE: She will outline the role of the DOJ in health care accentuating the anti-trust guidelines and also in the area of combating fraud (the details of which are to be announced later)
- AG makes closing remarks then AG/HRC depart together;
- Bingaman remarks;
- Metzenbaum remarks;
- Brooks remarks;
- AG makes closing remarks then AG/HRC depart together;
- Press Q&A

VI. REMARKS

Follow.

Question: Are these policy statements part of the Administration's health care reform proposal?

Answer: The precise contours of the President's health care reform program will be made public next week, and I would not want to anticipate that announcement. Ensuring that sound antitrust enforcement policy will continue to play an important role in evolving health care markets, while reducing uncertainty regarding potentially procompetitive and cost-saving activities, will certainly support that program. We hope these statements will promote the evolution of a health care system that maximizes efficiency and quality and minimizes costs.

Question: Does the issuance of these policy statements indicate that the Administration believes that there is no need for antitrust exemptions in the health care area?

Answer: One of the goals of these statements is to reduce antitrust uncertainty that some have said may deter procompetitive joint venture and other cooperative activities that would reduce health care costs. We hope that they and future expressions of enforcement policy in this area will address many of the concerns that have been expressed by those seeking to exempt many health care activities from antitrust review. Sound antitrust policies have an important role to play in health care and proponents of antitrust exemptions bear the burden of showing a need for them.

Question: Who outside the Agencies particpated in the drafting of these policy statements. Were they reviewed by the White House Health Care Task Force?

Answer: Justice Department and Federal Trade Commission lawyers and economists drafted the policy statements. We consulted with knowledgeable persons in the health care community, and members of the Administration's Task Force have been kept aware of our progress.

FOR RELEASE: September 15, 1993

DEPARTMENT OF JUSTICE AND FTC ANTITRUST ENFORCEMENT POLICY STATEMENTS IN THE HEALTH CARE AREA

The Department of Justice and the FTC today issued six statements of their antitrust enforcement policies regarding mergers and other joint activities among health care providers.

The six statements address: (1) hospital mergers; (2) hospital joint ventures involving high-technology or other expensive medical equipment; (3) physicians' provision of information to purchasers of health care services; (4) hospital participation in exchanges of price and cost information; (5) joint purchasing arrangements among health care providers; and (6) physician network joint ventures.

The statements are designed to provide information to the health care community in a time of tremendous change, and to resolve, as completely as possible, any antitrust uncertainty that might deter beneficial mergers or joint ventures that promise to reduce health care costs. Sound antitrust enforcement will not impede efficient transactions, but it will continue to protect consumers against truly anticompetitive activities that lead to higher prices.

Antitrust analysis is inherently fact-intensive. The six policy statements give health care providers guidance, in the form of "antitrust safety zones," which describe the circumstances under which the Agencies will not challenge conduct under the antitrust laws. The statements also summarize the analysis the Agencies will use to review conduct which falls outside the antitrust safety zones.

Providers who wish to have the Agencies' views on specific joint activities that they plan to undertake may obtain a timely response through the Department's expedited business review procedure or the FTC's advisory opinion procedure for the health care community. In the policy statements, the Agencies commit to respond to requests within 90 days after all necessary information is received regarding any matter addressed in the statements except hospital mergers outside the antitrust safety zone. The Agencies make this commitment to swift and certain expedited review in an effort to reduce antitrust uncertainty for the health care industry in a time of fundamental and far-reaching change. The Agencies also recognize that, in light of such change, additional antitrust guidance may be desirable in the areas covered by these policy statements, as well as in other evolving health care contexts. Consequently, the Agencies will issue additional policy statements as warranted.

HOSPITAL MERGERS

The Agencies have challenged only eight of well over 200 hospital mergers in the last five years. Many hospital mergers do not present antitrust concerns because the merging hospitals are not significant competitors of each other. In other cases, where a merger substantially reduced the number of competing hospitals in an area, the Agencies in the past have refrained from bringing an action because the merger produced significant cost savings that could not otherwise be realized.

The policy statement establishes an antitrust safety zone for mergers where one of the merging hospitals is small. Specifically, the Agencies commit not to challenge, absent extraordinary circumstances, a merger in which one of the merging hospitals has

less than 100 licensed beds and an average daily inpatient census of less than 40 patients. This antitrust safety zone will be especially helpful for small rural hospitals, who consider a merger necessary in order to continue providing services, but who fear the cost of an expensive investigation by federal antitrust authorities.

Hospitals which are unsure if they are within the safety zone may obtain timely advice from the Agencies through the expedited 90-day review procedure set forth in the policy statement.

HOSPITAL JOINT VENTURES INVOLVING HIGH-TECHNOLOGY OR OTHER EQUIPMENT

The Agencies have never challenged a joint venture among hospitals to purchase or operate high-technology or other expensive medical equipment. In most cases, these collaborative activities create procompetitive efficiencies that benefit consumers, which outweigh any potential anticompetitive harm. Although numerous hospitals presently participate in joint ventures, it has been suggested that fear of antitrust enforcement currently chills such ventures and forces hospitals to purchase expensive equipment individually, even though joint ventures clearly would be more efficient and less expensive.

The policy statement sets out an antitrust safety zone for joint ventures involving high-technology or other expensive equipment that must be shared in order to allow the hospitals to recover the cost of acquiring, operating and marketing the services provided by the equipment. As long as the joint venture is reasonably necessary to recover these costs and does not include a hospital or a group of hospitals that could have offered a

competing service to the planned joint venture, the Agencies will not challenge, absent extraordinary circumstances, the formation or operation of the venture. For example, joint ventures among rural hospitals to share MRIs or other expensive equipment and agreements among community hospitals to operate helicopter or other expensive services jointly normally will fall within the antitrust safety zone.

Joint ventures that fall outside the antitrust safety zone do not necessarily raise significant antitrust concerns. The policy statement, therefore, includes a brief description and examples of how these ventures will be analyzed. Hospitals considering joint ventures may obtain timely advice from the Agencies through the expedited 90-day review procedure set forth in the policy statement.

PHYSICIANS' PROVISION OF INFORMATION TO PURCHASERS OF HEALTH CARE SERVICES

This policy statement defines an antitrust safety zone that covers the collective provision of non-price information by physicians to purchasers of health care services. The collective provision of this type of information will have procompetitive benefits and allow physicians to work with health care purchasers to improve the quality of care that patients receive. The policy statements provide that the Agencies will not challenge, absent extraordinary circumstances, the collective provision of underlying medical data, including the development of suggested practice parameters.

The safety zone would not cover physicians who collectively threaten to or actually refuse to deal with a purchaser because they object to the purchaser's administrative, clinical or other terms governing the provision of services. In addition, it does not cover

the collective provision of fee-related information. The collective provision of price information is not, however, necessarily illegal. Physicians who wish collectively to provide such information may receive timely advice from the Agencies under the expedited 90-day review procedure.

HOSPITAL PARTICIPATION IN EXCHANGES OF PRICE AND COST INFORMATION

This policy statement defines an antitrust safety zone that covers hospital participation in written surveys of prices for hospital services or wages, salaries or benefits of hospital personnel. The safety zone applies where (1) the survey is managed by a third party, (2) the information collected for the survey is more than three months old, and (3) the price or cost data reported are based on data from at least five hospitals and aggregated so that the prices charged or compensation paid by particular hospitals cannot be identified.

The policy statement also includes a description of how the Agencies will evaluate information exchanges that fall outside the antitrust safety zone. Hospitals that are unsure of the legality of a proposed survey can obtain timely advice from the Agencies through the expedited 90-day review procedure set forth in the policy statement.

JOINT PURCHASING ARRANGEMENTS AMONG HEALTH CARE PROVIDERS

Most joint purchasing arrangements among hospitals or other health care providers do not raise antitrust concerns; indeed the Agencies have never challenged such a joint purchasing arrangement. Such collaborative activities typically allow the participants to

achieve efficiencies that will benefit consumers. This policy statement covers arrangements among providers to purchase such goods and services as laundry or food services, computer or data processing services, and prescription drug and other pharmaceutical products.

Under the policy statement, the Agencies will not challenge, absent extraordinary circumstances, a joint purchasing arrangement if the group's purchases account for less than 35 percent of the total purchases of the relevant product or service, and the cost of the product or service being jointly purchased accounts for less than 20 percent of the total revenues from all products or services sold by each participant in the joint purchasing arrangement.

PHYSICIAN NETWORK JOINT VENTURES

This policy statement sets forth the Agencies' analysis of the formation of physician network joint ventures that are controlled by physicians and that jointly market the services of their member physicians. These joint arrangements have the potential to provide quality services at reduced costs, and can offer significant pro-competitive benefits for consumers. Physicians who participate in legitimate network joint ventures can collectively provide information to health care purchasers, and jointly negotiate with them.

The policy statement sets forth an antitrust safety zone that covers physician network joint ventures comprised of 20 percent or less of the physicians in each physician specialty in the relevant geographic market, when the members share substantial financial

risk. The statement includes examples of physician network joint ventures that would meet the requirement of sharing substantial financial risk.

The statement also includes a brief description and examples to illustrate how the Agencies will analyze a physician network joint venture that does not fall within the antitrust safety zone. Physicians forming network joint ventures can obtain timely antitrust advice from the Agencies under the expedited 90-day review procedure.

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TO Bob Boorstin
4 pages
FR: Amberder
phone: 616-2774

(9/15/93)

STATEMENT BY ATTORNEY GENERAL JANET RENO ON HEALTH CARE INITIATIVE

Good morning. We're so happy to have the First Lady, Mrs. Clinton, with us. Also, Anne Bingaman, Assistant Attorney General for Anti-Trust, Federal Trade Commission Chairman Janet Steiger, Senator Howard Metzenbaum and House Judiciary Committee Chairman Jack Brooks.

Back in law school, they tried to tell us anti-trust law was exciting. And important. And this morning we are going to prove it. The opening salvo in the effort to promote quality and efficiency -- and to curb excessive costs -- in the nation's health care system will be fired by the Justice Department's Anti-trust Division, along with the Federal Trade Commission.

Three small hospitals in Maine want to share the cost of a mobile CAT-skan machine. They haven't done it because they can't find out quickly whether the agreement would violate anti-trust laws.

Hospitals in another city want to know whether they can get together to buy a Med-i-vac helicopter.

Hospitals in Ohio want to buy furniture together.

Doctors in another state want to know whether they can form a preferred provider organization to contract directly with insurance companies.

An accounting firm in Atlanta isn't sure whether it can set up a deal for acute care services.

The speed and extent to which health care reform is carried out will depend on how quickly and how well the government is prepared to answer those sorts of questions.

That's why the anti-trust policy statements we are issuing today mean something.

In several specific areas, dealing with mergers, joint ventures, joint purchasing agreements, and information exchanges, the government will provide clear guidance and "safety zones" describing activities which will not be challenged.

The policy statements, issued jointly by the Justice Department and the Federal Trade Commission, include a commitment to expedited business review -- the first time this has been done. Requestors can expect an answer within 90 days after submitting the necessary information.

That's not all we are doing. The President has asked for a larger review of health care issues. The Justice Department currently is evaluating measures to increase federal power to fight fraud and abuse. For example, strengthening anti-kickback laws. And making the heavy penalties against defrauding the government applicable to those who defraud the private health care system, as well. We will be announ

Those of us in law enforcement plan to be an important part of the President's effort to make health care more available and affordable to all Americans.

(Intro Mrs. Clinton) The First Lady and I are going to have to leave early, so that is an extra reason for turning to her first. We would have done so anyway because no one has done more -- she and the President -- to turn the nation's attention and resources to the task of health care reform. Her presence here underscores her commitment. We are delighted to welcome her. Mrs. Clinton?

(Mrs. Clinton)

(Intro Anne Bingaman) The dynamo that's behind a re-invigorated Anti-trust division these days in Anne Bingaman. She is one of the true authors of today's policy statements. Although, she will remain to answer questions in a few minutes, she might have a word or two for us now. Anne?

(3)

(Intro Janet Steiger) Janet Steiger is chairman of the Federal Trade Commission. Half of the FTC's duties involve competition and the anti-trust laws -- and we are glad once again to work cooperatively with the FTC to develop this important initiative. Chairman Steiger?

(Chairman Steiger)

(Intro Sen. Metzenbaum) Senator Howard Metzenbaum is the distinguished chairman of the Senate Judiciary Committee subcommittee which deals with anti-trust issues. We are delighted that he cut short a meeting on the Hill to be with us today. Senator?

(Metzenbaum)

(Intro Congressman Brooks) As all of you know, Jack Brooks is chairman of the House Judiciary Committee. He is also a relentless force for vigorous law enforcement and the public good. We are so happy to welcome Chairman Brooks.

(Brooks)

(Excuse Mrs. Clinton .. turn over news conference to Anne Bingaman if you wish to escort Mrs. Clinton from room)

Justice Department Talking Points

I want to thank Attorney General Reno and her department for their participation in our health care reform effort. And I want to applaud the actions taken today by the Department and the Federal Trade Commission in issuing these guidelines. They are the result of hard work by Anne Bingamen, Janet Steiger, Senator Howard Metzenbaum and Congressman Brooks their staffs.

These guidelines represent an important first step for an industry that is facing rapid change. They are a good example of what health care reform is all about. They will help lower costs, maintain high quality and knock down the barriers to collaboration in our current system.

The Attorney General has spelled out what the problem is: a complex and inefficient system that keeps doctors and hospitals from spending their money wisely and drives up the prices that consumers pay.

Over time, the actions we take today will help turn this backward system right side up. Instead of requiring every hospital or doctor's office to buy the same expensive piece of equipment, these guidelines will allow them to share the equipment. They allow physicians to get together to control costs. And they allow mergers that are competitive and save consumers money.

These actions are pro-competition, pro-collaboration and pro-consumer. The results, over time, will be positive:

- Consumers will pay less;
- Equipment will not stand idle;
- Hospitals will save money;
- The pressure on physicians to order tests to pay for machinery will ease;
- And the highest quality tests and latest technology will still be available to everyone who needs them.

I also want to thank the Attorney General and the Department for their ongoing efforts to crack down on the growing problem of health care fraud and abuse.

As the nation's health care bills have mounted, consumers and businesses have paid a high price. The crimes have grown more sophisticated and more outrageous. And every time someone rips off the health insurance system -- public or private -- we all pay.

Settlements like the ones the Department has recently achieved on the West Coast -- and the strong measures that we will have more to say about next week -- send a strong warning to those who would steal from American taxpayers: health care fraud will not go unpunished. It's a message that we must send to every American who has health insurance and pays too much, and to every American who doesn't know if they'll be able to afford their coverage next month or next year.

I'm pleased to stand side by side with this strong team -- and take these steps on the road to getting health costs under control and providing security for each and every one of us. When we all join together and put the interests of the American people first I am convinced that we will make American health care make sense.

Medical Antitrust Rules Due

Guidelines Address Mergers, Cost Sharing

By Kathleen Day
Washington Post Staff Writer

The federal government will unveil guidelines today to help hospitals and doctors know in advance when mergers, price sharing, joint ventures and other coordinated practices would violate antitrust law, according to government and industry officials.

The government also will announce that requests from medical providers for antitrust reviews in these specific areas will be answered in 90 days, the sources said. Current policy sets no time limit and can leave business deals hanging for months or years.

Doctors, hospitals and drugmakers have complained to the Clinton administration that relief from antitrust laws is necessary if they are to collaborate to curb prices, form medical networks, cut duplication in the purchase of equipment and otherwise wring waste from medicine.

They say that fears of violating antitrust standards have prevented the kind of mergers and cost sharing that the White House says is needed to make the industry more efficient, although the government has successfully stopped just eight of the more than 200 hospital mergers since 1987.

Details of standards for mergers would eliminate some of the uncertainty over how antitrust laws would apply in their situation, hospital and other industry officials say.

The guidelines and expedited review policy will be announced by the Federal Trade Commission and the Justice Department, which enforce antitrust law, at a press conference with top officials from the two agencies as well as First Lady Hillary Rodham Clinton.

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cies as well as First Lady Hillary Rodham Clinton.

The announcement comes as the White House seeks to gather support for—or at least soften opposition to—its health care reform package, scheduled to be formally released next week and carrying the potential to radically reorganize the $1 trillion medical industry.

Hillary Clinton, who has led the administration's health care effort, had indicated that she would address the industry's concerns, and the American Hospital Association has said it would not seek changes in antitrust laws if guidelines such as these were offered.

The guidelines do not exempt the industry from antitrust laws, sources said, but offer more specific guidance than are usually offered.

In fact, the new policy is expected to leave unanswered a specific request from the prescription drug industry that it be exempt from antitrust action so its members can discuss setting, and presumably limiting, industrywide price increases.

Among the areas the agencies are expected to clarify, according to the sources::

- Hospital mergers. For example, when one of the hospitals has fewer than 100 beds and has fewer than 40 occupied on average, a merger with another hospital would not be considered anti-competitive.
- Joint equipment purchases. For example, when no member of the venture otherwise could afford to buy, operate and market a piece of equipment, joint buying would be allowed.
- Sharing of information among doctors and hospitals to set benchmarks for acceptable practices. For instance, the number of heart operations an average surgeon might be expected to provide and at what cost could be provided to competitors.
- Physician networks. Doctors would be allowed to form groups to buy in bulk and provide cheaper services if the group doesn't make up too high a percentage of a community's doctor pool.

PROTECTING AGAINST FRAUD AND ABUSE

Fraud and abuse cost the health care system as much as $80 billion each year[1]. Common examples include overcharging for services, charging for medical care that was never delivered, providing financial incentives to doctors to refer patients and delivering unnecessary services.

Simplifying the health insurance system will eliminate opportunities for fraud based on exploiting today's overly complex system. Reforms such as the adoption of standard forms throughout the industry and a uniform coding system not only reduce administrative costs but also reduce opportunities for fraudulent billing. And for the first time, health care fraud will be designated as a crime, and swindlers will be seriously punished.

Health reform proposes a number of additional, aggressive steps to root out and combat fraud and abuse:

- The scope of federal anti-fraud efforts will extend beyond government programs to include fraud in the private sector.
- The Departments of Justice and Health and Human Services will organize an All-Payer Health Care fraud and Abuse Enforcement Program to coordinate federal, state and local law-enforcement activities.
- Federal authority to seize assets from fraudulent providers and to levy criminal penalties for health care fraud expand to include filing false claims against health plans and other fraudulent activity.
- The existing anti-kickback law will protect all health plans, prohibiting the payment or receipt of any item of value as an inducement to refer patients for any type of health care service.
- With specific exceptions to ensure adequate services, physicians or other health professionals will be prohibited from referring patients to laboratories or treatment centers in which the physician holds a financial interest.
- A new health care fraud statute, modeled after existing mail and bank fraud laws, will establish penalties for schemes that defraud health plans.
- A new federal criminal statute will prohibit making false statements deliberately to health plans, health alliances or state agencies.
- A new criminal statute will ban the payment of bribes, gratuities or other inducements to employees of health plans, health alliances or state government agencies. 09/14/93

[1] General Accounting Office

These antitrust guidelines are a good example of what health care reform is all about. We can lower costs, maintain high quality, and eliminate the perverse incentives in our current system.

These guidelines give hospitals and doctors what they have asked for — certainty that they can provide high quality health care by sharing services, save consumers money, and lower health care expenditures.

Let me give an example.

~~Today two hospitals~~

(2)

I have heard repeatedly from hospitals that they would jointly purchase high-tech equipment, but they fear antitrust prosecution.

These guidelines give them the certainty they have been asking for. Instead of every hospital purchasing the latest piece of equipment, they could share equipment.

And look at what that accomplishes --

- Equipment does not stand idle;
- Consumers pay for only 1/2 the equipment;

(3)

- Hospitals save money;
- Pressure on physicians to order tests to pay for machinery is gone.
- High quality remains, and the latest technology is available to everyone.

There are other examples -- allowing physicians in a network to get together to control costs; allowing mergers when they are competitive and save consumers money.

Everybody benefits. Most importantly: consumers pay less for the same care they get today. We have a competitive health care

(4)

system, but one that allows wise expenditures; not just spending money for every new piece of equipment and making the consumer foot the bill.

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Antitrust analysis is inherently fact-intensive. The six policy statements give health care providers guidance, in the form of "antitrust safety zones," which describe the circumstances under which the Agencies will not challenge conduct under the antitrust laws. The statements also summarize the analysis the Agencies will use to review conduct which falls outside the antitrust safety zones.

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Hospitals which are unsure if they are within the safety zone may obtain timely advice from the Agencies through the expedited 90-day review procedure set forth in the policy statement.

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competing service to the planned joint venture, the Agencies will not challenge, absent extraordinary circumstances, the formation or operation of the venture. For example, joint ventures among rural hospitals to share MRIs or other expensive equipment and agreements among community hospitals to operate helicopter or other expensive services jointly normally will fall within the antitrust safety zone.

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SUGGESTED ANTITRUST TALKING POINTS

DEPARTMENT OF JUSTICE/FEDERAL TRADE COMMISSION HEALTH CARE ANTITRUST ENFORCEMENT POLICY STATEMENTS

° The antitrust enforcement policy statements issued today are part of the Department's commitment to sound and effective law enforcement as a vital part of the nation's effort to promote quality and efficiency and to curb health care costs.

° Our antitrust laws safeguard America's reliance on competition as our fundamental national economic policy. Free markets based on competitive principles yield goods and services of the highest quality at the lowest cost.

° Competition is and will continue to be a vital element in the health care delivery system, and responsible antitrust policies are the key to preserving and promoting that competition.

° We are witnessing great change in the way that consumers obtain the health care services that they require, and the Department is taking equally great care in applying the antitrust laws to evolving health care markets.

° These statements provide the health care provider and user communities with guidance as to the Department's antitrust enforcement policies in this time of change. They present these policies in simple straightforward terms that we hope will be useful not only to the bar but also to hospitals and physicians themselves.

° These statements eliminate potential uncertainty while ensuring that sound antitrust enforcement will continue to protect consumers against truly anticompetitive activities that lead to higher prices.

° The statements set forth "antitrust safety zones,"-- areas where conduct will not be challenged by the Department and the FTC, absent extraordinary circumstances.

° The statements also provide a summary of the analysis the agencies use to review conduct outside the antitrust safety zones.

° The statements also commit the agencies, for the first time, to swift and certain expedited antitrust review of specific proposals for joint activities in the health care field.

Bob Boorstin
4 pages
re: Anbender
phone: 616-2774

(9/15/93)

STATEMENT BY ATTORNEY GENERAL JANET RENO ON HEALTH CARE INITIATIVE

Good morning. We're so happy to have the First Lady, Mrs. Clinton, with us. Also, Anne Bingaman, Assistant Attorney General for Anti-Trust, Federal Trade Commission Chairman Janet Steiger, Senator Howard Metzenbaum and House Judiciary Committee Chairman Jack Brooks.

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In several specific areas, dealing with mergers, joint ventures, joint purchasing agreements, and information exchanges, the government will provide clear guidance and "safety zones" describing activities which will not be challenged.

The policy statements, issued jointly by the Justice Department and the Federal Trade Commission, include a commitment to expedited business review -- the first time this has been done. Requestors can expect an answer within 90 days after submitting the necessary information.

That's not all we are doing. The President has asked for a larger review of health care issues. The Justice Department currently is evaluating measures to increase federal power to fight fraud and abuse. For example, strengthening anti-kickback laws. And making the heavy penalties against defrauding the government applicable to those who defraud the private health care system, as well. We will be announ

Those of us in law enforcement plan to be an important part of the President's effort to make health care more available and affordable to all Americans.

(Intro Mrs. Clinton) The First Lady and I are going to have to leave early, so that is an extra reason for turning to her first. We would have done so anyway because no one has done more -- she and the President -- to turn the nation's attention and resources to the task of health care reform. Her presence here underscores her commitment. We are delighted to welcome her. Mrs. Clinton?

(Mrs. Clinton)

(Intro Anne Bingaman) The dynamo that's behind a re-invigorated Anti-trust division these days in Anne Bingaman. She is one of the true authors of today's policy statements. Although, she will remain to answer questions in a few minutes, she might have a word or two for us now. Anne?

(Intro Janet Steiger) Janet Steiger is chairman of the Federal Trade Commission. Half of the FTC's duties involve competition and the anti-trust laws -- and we are glad once again to work cooperatively with the FTC to develop this important initiative. Chairman Steiger?

(Chairman Steiger)

(Intro Sen. Metzenbaum) Senator Howard Metzenbaum is the distinguished chairman of the Senate Judiciary Committee subcommittee which deals with anti-trust issues. We are delighted that he cut short a meeting on the Hill to be with us today. Senator?

(Metzenbaum)

(Intro Congressman Brooks) As all of you know, Jack Brooks is chairman of the House Judiciary Committee. He is also a relentless force for vigorous law enforcement and the public good. We are so happy to welcome Chairman Brooks.

(Brooks)

(Excuse Mrs. Clinton .. turn over news conference to Anne Bingaman if you wish to escort Mrs. Clinton from room)

We applaud the action taken today by the DOJ and FTC in issuing these guidelines.* We welcome Attorney General Reno's participation in the health care reform effort.

These antitrust guidelines are a good example of what health care reform is all about. We can lower costs, maintain high quality, and eliminate the perverse incentives in our current system.

These guidelines give hospitals and doctors what they have asked for - certainty that they can provide high quality health care by sharing services, save consumers money, and lower health care expenditures.

Let me give an example. I have heard repeatedly from hospitals that they would jointly purchase high-tech equipment, but they fear antitrust prosecution.

These guidelines give them the certainty they have been asking for. Instead of every hospital purchasing the latest piece of equipment, they could share equipment.

And look at what that accomplishes - -

- Equipment does not stand idle;
- Consumers pay for only 1/2 the equipment;
- Hospitals save money;
- Pressure on physicians to order tests to pay for

industry [redacted] forces.
[redacted] fundamental + for reaching
Change, addit'l guidance may
be necessary + the agencies will be there.

machinery is gone.

- High quality remains, and the latest technology is available to everyone.

There are other examples -- allowing physicians in a network to get together to control costs; allowing mergers when they are competitive and save consumers money.

Everybody benefits. Most importantly: consumers pay less for the same care they get today. We have a competitive health care system, but one that allows wise expenditures; not just spending money for every new piece of equipment and making the consumer foot the bill.

Another important step in the health care reform effort is protecting against fraud. That is why this Administration is committed to cracking down on fraud and abuse. I applaud the Attorney General for her commitment in this endeavor. With the help of the Justice Department, we'll succeed in increasing federal power to fight fraud. Health care fraud will be designated as a crime, and anyone who defrauds the private health care system will face serious penalties. Health care fraud will not go unpunished.

Question: Are these policy statements part of the Administration's health care reform proposal?

Answer: The precise contours of the President's health care reform program will be made public next week, and I would not want to anticipate that announcement. Ensuring that sound antitrust enforcement policy will continue to play an important role in evolving health care markets, while reducing uncertainty regarding potentially procompetitive and cost-saving activities, will certainly support that program. We hope these statements will promote the evolution of a health care system that maximizes efficiency and quality and minimizes costs.

Question: Does the issuance of these policy statements indicate that the Administration believes that there is no need for antitrust exemptions in the health care area?

Answer: One of the goals of these statements is to reduce antitrust uncertainty that some have said may deter procompetitive joint venture and other cooperative activities that would reduce health care costs. We hope that they and future expressions of enforcement policy in this area will address many of the concerns that have been expressed by those seeking to exempt many health care activities from antitrust review. Sound antitrust policies have an important role to play in health care and proponents of antitrust exemptions bear the burden of showing a need for them.

Question: Who outside the Agencies particpated in the drafting of these policy statements. Were they reviewed by the White House Health Care Task Force?

Answer: Justice Department and Federal Trade Commission lawyers and economists drafted the policy statements. We consulted with knowledgeable persons in the health care community, and members of the Administration's Task Force have been kept aware of our progress.

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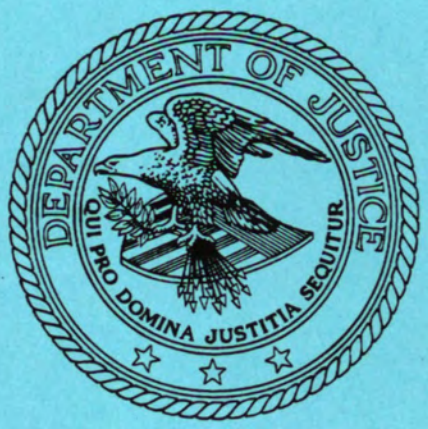
Statements of Antitrust Enforcement Policy in the Health Care Area



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