

# Anti-competitive behavior: the case of allcare ipa

[Psychology](#), [Behaviorism](#)



Free Trade Commission (FTC). The main role of FTC, created in 1914, is outlined in its website “ Federal Trade Commission” (<http://www.ftc.gov/ftc/about.shtm>) which states that “ It is the only federal agency with both consumer protection and competition jurisdiction in broad sectors of the economy”. As such, it “ pursues vigorous and effective law enforcement, advances consumers’ interests...”. The FTC was originally created to prevent unfair methods of competition in commerce, but through the years, its role has widened to cover consumer protection in broad terms.

It must be noted that FTC’s Bureau of Competition promotes and protects vigorous competition by seeking out and challenging “ anticompetitive conduct in the marketplace...” and “...promotes competition in industries where consumer impact is high, such ashealthcare...” ((<http://www.ftc.gov/ftc/about.shtm>). The very nature of health care, a very basic need, explains why practices in this field is a major concern for FTC.

AllCare IPA is comprised of independent physicians that have joined together to provide a comprehensive network of multiple specialties, developed specifically for the patient’s health plan. (<http://www.allcareipa.com/faqs/default.aspx>). Its main office is found in Modesto, California. “ Since its formation, AllCare and its physicians have contracted with Preferred Provider Organizations (PPOs) to provide fee-for service care. In PPO arrangements, the payer compensates the physicians for services provided under agreed-upon fee schedules.

Such arrangements may or may not entail financial risk-sharing or clinical integration. ” (“ FTC Settles Price-Fixing Charges Against Two Separate Doctors' Groups”). In February 2009, FTC found AllCare IPA guilty of price-  
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fixing and violated anticompetitive laws by “ orchestrating and carrying out agreements among their members to refuse, and threaten to refuse, to deal with insurance providers, unless they raised the fees paid to the groups’ doctors”.

FTC ruled that AllCare’s conduct in setting fees for payers and refusing to deal with payers constitutes illegal price-fixing, and violates federal law. In addition, the FTC contends AllCare engaged in any activity that might justify collective agreements on the prices its members would accept for their services. The groups’ physicians did not share financial risk in providing medical services, did not collaborate in any program to monitor and modify clinical practice patterns or otherwise integrate the delivery of their services.

According to the FTC, between 2005 and 2006, AllCare acted to restrain competition on fee-for-service contracts by facilitating, entering into, and implementing agreements to fix the prices and other contract terms with PPO payers; to engage in collective negotiations over the terms and conditions of dealing with such payers; and to have members refrain from negotiating with such payers on terms other than those approved by the group. “. (“ FTC Settles Price-Fixing Charges Against Two Separate Doctors' Groups”). Penalties against AllCare.

AllCare has been barred to enter into similar agreements because according to FTC’s Acting Director of the Bureau of Competition David Wales, “ when health care providers decide to pursue personal gain through unlawful price-fixing, consumers are often forced to either pay higher prices or forgo vital treatments they can no longer afford”. (“ FTC Settles Price-Fixing Charges Against Two Separate Doctors' Groups”). The Commission’s proposed <https://assignbuster.com/anti-competitive-behavior-the-case-of-allcare-ipa/>

consent orders are designed to eliminate the illegal anticompetitive conduct alleged in the complaints.

They would prohibit AllCare from entering into or facilitating agreements between or among physicians: 1) to negotiate on behalf of any physician with any payer; 2) to refuse to deal, or threaten to refuse to deal, with any payer; 3) to designate the terms, conditions, or requirements upon which any physician deals, or is willing to deal, with any payer, including, but not limited to price terms; 4) not to deal individually with any payer, or not to deal with any payer through any arrangement other than one involving AllCare, respectively.

The order prohibits AllCare from exchanging information among physicians concerning whether, or on what terms, to contract with a payer and from encouraging, suggesting, advising, pressuring, inducing, or attempting to induce anyone into any actions otherwise prohibited by the order. I believe that there must always be balance in any decision that affects two opposing parties, in this case the doctors and their patients.

While FTC must protect the welfare of the consumers and must do so vigorously and vigilantly, it must also take into account the needs of the doctors to protect themselves and their livelihoods against threats from the same persons who come to them for treatment. Already, many doctors are discouraged to practice their profession for fear of lawsuits, such as medical malpractice, and the tremendous cost implications these lawsuits bring. I agree that physicians practice must be subject to regulation as it is prone to abuse.

However, while medical care is a very basic commodity and patients, as consumers, have every right to be protected against unjust and unlawful practices in the health care industry, so do Doctors have rights to protect themselves and their livelihoods. I personally believe that that FTC ruling was too biased in favor of the consumers/patients. But of course, this is America, and the customer is always king. Works Cited " AllCare IPA: Frequently Asked Questions". 2005.

6 August 2009. (<http://www.allcareipa.com/faqs/default.aspx>) Copy of the FTC Decision on AllCare. February 2009. August 6, 2009. (<http://www.crowell.com/pdf/ManagedCare/Independent-Practice-Associates-Medical-Group.pdf>) " Free Trade Commission". Free Trade Commission. 6 August 2009. (<http://www.ftc.gov/ftc/about.shtm>) " FTC Settles Price-Fixing Charges Against Two Separate Doctors' Groups". 24 December 2008. 6 August 2009. (<http://www.ftc.gov/ftc/about.shtm>)