Carilion docket # C-9338

February 8, 2010

Roberta S. Baruch
Bureau of Competition
Federal Trade Commission
Office of the Secretary
600 Pennsylvania Ave., N.W.
Washington, DC 20580

Re: Public comment docket # C-9338

Dear Ms. Baruch,

This letter is being written as public comment in the case referenced by the above docket number; more specifically, the sale of The Center for Surgical Excellence, LLC to Fairlawn Surgery Center, LLC. My signature below is an alias; for my own personal reasons. To borrow some of Carilion's words in their application and take them completely out of context; with respect to my identity, "… the disclosure of which may harm the ongoing competitiveness…" of me to survive in the Roanoke region; I shall, for the time being, remain anonymous.

With that said, I have several comments with respect to Carilion's divestiture to Fairlawn Surgery Center, LLC. First, the FTC should ask themselves why would Carilion sell to a local group with no surgical center experience for a fraction of what Carilion paid for CSE; when, at the same time, other local groups with experience were willing to pay more, even the original purchase price. One possible answer is that Carilion would hope that without experience Fairlawn would fail (even with a national manager). However, even though I do think this is a part of the motivating factor in the Carilion decision to choose Fairlawn, I do not think it is a large or significant factor. Of more importance to Carilion is that the new owners do not present any real competition or obstacle on the future design plans of the "Carilion Clinic Model".

With Fairlawn, which only consists of nephrologists; Carilion calculates that the potential to actually create a competitive surgical environment with the Carilion Clinic Model is very low. How do they make this deduction? Well, they know that PCV (Physicians Care of Virginia) functions in Roanoke in name only. So, in reality, Carilion knows that they are only selling to a group of nephrologists. This is supported by the fact that Fairlawn did not offer membership interest to other PCV physicians. I know of at least a dozen (in and outside of PCV) that would have joined; and yet by not including these other physician groups in the ownership model on the front end, Fairlawn has basically alienated these physicians from future participation (as owners).

Although I have not read the Fairlawn marketing plan which was submitted to the FTC; I can say that a colleague of mine with first hand knowledge relayed to me that even though the plan did include opening up the center for others to share operating room time; it did not include ownership. This factor is also known by Carilion and is thus a large reason to pursue Fairlawn as the new owner. Carilion knows that in the Roanoke healthcare arena under the political eyes of both hospitals, no physician is going to risk political alienation by moving surgery out of the hospital to a free standing facility just because it is more convenient; unless they have ownership (skin in the game). In Roanoke, the potential reward (patient convenience) is not worth the political risk (referrals being cut off by the hospital).

The Fairlawn model is a completely different model than the Center for Surgical Excellence prior to Carilion's acquisition. Carilion knew that CSE, right before acquiring it, had just obtained Medicare approval as a surgery center. They also knew that because of the aggressive competitive nature of the former owners of CSE, that other key community physicians were being offered ownership in CSE. If CSE were to be successful in bringing in other physicians, Carilion saw how this could impede their future clinic model and they could not take this risk. CSE's former owners and growth potential as competitors to Carilion was why Carilion insisted that the two facilities (CAI and CSE) be an all or nothing deal. They saw what kind of growth the owners were capable of with CAI (a single MRI unit that six years later had grown to one of the top imaging centers on the east coast offering all modalities with a third MRI and women's' imaging center in planning). Carilion could not chance this same type of growth in outpatient surgery. They do not see this same competitive potential with the Fairlawn group. If they did, they would not be selling to them.

In conclusion, the divestiture of CSE to Fairlawn only has the surface appearance of accomplishing what the FTC's goal; which was to maintain or establish a competitive out patient surgery market in Roanoke. Of the offers that Carilion received for CSE, (or would have received if actually looking), Fairlawn was best suited for Carilion to present the look of a viable competitor in the eyes of the FTC, but in reality presents no real competition to Carilion. For the token purchase price being paid by Fairlawn (only rumored not verified); the FTC should again ask, why bother. The answer is not because selling low insures Fairlawn's success. Mohamed Ali used the rope a dope to distract his opponent and then hit him when he wasn't looking; what is Carilion's rope a dope to the FTC? If the FTC signs off on the Fairlawn deal, I have no doubt that Fairlawn will be happy; but bigger than that, Carilion will be ecstatic! The patients on the other hand… "pow!"…; take the hit when the FTC ducks out of the way.

Sincerely,

Mrs. Silence Dogood

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(My apologies for borrowing Ben Franklin's pen name.)