



# Department of Justice

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## Department of Justice Will Not Challenge Hospitals' Joint Purchasing Agreement

### *Proposal Could Result in Increased Hospital Services and Lower Costs*

WASHINGTON —The Department of Justice announced today that it will not challenge a proposal by Memorial Health Inc. (Memorial), and St. Joseph's/Candler Health System (St. Joseph's/Candler) to enter an exclusive joint purchasing agreement with respect to the purchase of certain medical and surgical supplies. The Department said that the proposed joint purchasing agreement may yield volume discounts and reduced transaction costs for the hospitals and ultimately could result in lower costs and increased hospital services for consumers.

Under the proposed agreement, Memorial and St. Joseph's/Candler would jointly evaluate medical and surgical products, designate suppliers and negotiate prices and other terms with them.

Memorial and St. Joseph's/Candler are 501(c)(3) non-profit organizations that own acute tertiary care hospitals in Savannah, Ga., that serve Southeast Georgia and the low-country area of South Carolina. Memorial owns and operates the Memorial Health University Medical Center. St. Joseph's/Candler owns and operates St. Joseph's Hospital and Candler Hospital.

The Department determined that the proposal meets the requirements of the antitrust safety zone set forth in Statement 7 of the Department's and Federal Trade Commission's *Statements of Antitrust Enforcement Policy in Health Care*. The safety zone requires that the cost of all products purchased through the joint purchasing agreement account for less than 20 percent of the total revenue of all products and services sold by each participant in the agreement. It also requires that products purchased through the joint purchasing agreement from a given supplier account for less than 35 percent of that suppliers' sale of those products in the relevant market. Memorial and St. Joseph's/Candler represented that they will abide by these limitations.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division currently intends to challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 1010, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless a basis for their exclusion for reasons of confidentiality has been established under the Business Review Procedure.

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