

IN THE MATTER OF
CALIFORNIA MEDICAL ASSOCIATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2967. Complaint, April 17, 1979 — Decision, April 17, 1979

This consent order, among other things, requires a San Francisco, Calif. medical association to cease publishing, promulgating, or participating in the development and use of relative value studies that set forth comparative numerical values and have the effect of establishing prices for medical and surgical services. The order further requires respondent to withdraw previously disseminated relative value studies; and send copies of the complaint and order to association members and others, together with a request for the return of all relative value studies they have in their possession.

Appearances

For the Commission: *Alfred Lindeman and John M. Porter.*

For the respondent: *Howard Hassard, Hassard, Bonnington, Rogers & Huber, San Francisco, Calif.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. 41, *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The California Medical Association has violated the provisions of Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent, California Medical Association ("CMA"), is an unincorporated association organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 731 Market St., San Francisco, California.

PAR. 2. CMA has approximately 25,000 members. Membership in CMA is open to doctors of medicine licensed to practice medicine in the State of California, persons within the State of California who have retired from the practice of medicine, persons distinguished for their services or attainments as doctors of medicine or in the field of public health, or for research or other scientific work contributing to medicine, and persons within certain other special and limited classes established by CMA.

Many members of CMA are licensed physicians engaged in the private practice of medicine and surgery and derive substantial portions of their professional income from fees for medical and surgical procedures charged directly to patients or to insurers.

PAR. 3. The acts and practices of CMA are in or affect commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Since 1956, CMA has, on various occasions, prepared, published, and circulated to its members and others "relative value studies" which set forth in non-monetary units comparative numerical values for procedures performed and services rendered by physicians and other health care providers. Each value is convertible into a monetary fee by the application of a dollar conversion factor to the basic unit. Said "relative value studies" include detailed instructions for the computation and use of conversion factors to determine physicians' fees. Said "relative value studies" have been widely disseminated and used as the basis of fee schedules by physicians and other health care providers both within and outside the state of California.

PAR. 5. The preparation, publication, and circulation by CMA of relative value studies have the effect of establishing, maintaining, or otherwise influencing the fees which physicians and other health care providers charge for their professional services and are in violation of Section 5 of the Federal Trade Commission Act, as amended.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the San Francisco Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent

has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent California Medical Association is an unincorporated association organized, existing and doing business under and by virtue of the laws of the State of California, with its principal offices located at 731 Market St., San Francisco, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

A. The term "relative value study" means any list of compilation of medical procedures and/or services which sets forth comparative numerical values for such procedures performed and/or services rendered by physicians and other health care providers, without regard to whether those values are expressed in monetary or non-monetary terms.

B. The term "CMA" means the California Medical Association.

C. The term "component" means a county or district medical society chartered by CMA.

D. The term "conversion factor" means any monetary value multiplier used or intended to be used to convert non-monetary values in a relative value study to monetary fees.

E. The term "third party" means any organization which is or may be required by contract or statute to pay or reimburse the whole or any part of any financial obligation for health care incurred by any recipient of such care.

F. The term "historical data" means complete and unprocessed responses obtained from surveying fees charged for procedures performed and/or services rendered by physicians or other health care providers, accurate tabulated summaries of such responses, or accurate statistical representations of such responses such as arithmetic means, medians or percentiles.

G. The term "effective date of this order" means the date of service of this order.

II

It is ordered, That CMA, its successors, or assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, shall:

A. Cease and desist from directly or indirectly initiating, originating, developing, publishing, or circulating the whole or any part of any proposed or existing relative value study;

B. Cease and desist from directly or indirectly suggesting or instructing that conversion factors may be computed and applied to the relative value units contained in any relative value study.

C. Cease and desist from directly or indirectly advising in favor of or against the use of, or contributing to, the whole or any part of any proposed or existing relative value study. It shall not be considered a violation of this paragraph, however, for CMA to furnish testimony, information or advice to any government body, committee, or instrumentality, or to furnish to any third party such information as may be requested, relating to the use by such government entity or third party of the whole or part of any relative value study for purposes of establishing payment, compensation or reimbursement levels to be made to physicians or other health care providers by such government entity or third party; provided that any information furnished by CMA which may bear directly or indirectly on compensation levels for procedures performed and/or services rendered by physicians or other health care providers shall be limited to historical data, as defined herein, and shall be completely described as to methodology.

D. Permanently cancel, repeal, abrogate, and withdraw any and all relative value studies which it has heretofore developed, published, circulated, or disseminated; *provided, however*, that nothing contained in this order shall prohibit CMA from initiating, originating, developing, publishing, circulating, adopting, contributing to, recommending, suggesting, or advising in favor of or against the use of any list or compilation of standardized terminology describing procedures performed and/or services rendered by physicians and other health care providers, so long as such list or compilation does not directly or indirectly set forth absolute or comparative numerical values for any such procedures or services.

E. Within thirty (30) days after the effective date of this order, distribute by first class mail a copy of the Commission's complaint and order in this matter, as well as a letter, in the form shown in

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Appendix "A" to this order, to each of its members, to each state medical association known to CMA to have received from it the 1974 edition of the California Relative Value Studies, and to each of its components, third-party payers and others listed in Appendix "B" to this order, notifying such members, associations, components, third-party payers and others to return to CMA all copies of CMA relative value studies in their possession. Except for printing and mailing costs, CMA is not obligated to incur any expense under this paragraph.

III

It is further ordered, That CMA notify the Commission at least thirty (30) days prior to any proposed change in its organization which might affect compliance obligations under this order, such as, but not limited to, dissolution, the emergence of a successor association or corporation, and the creation and/or dissolution of subsidiaries.

IV

It is further ordered, That CMA shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with this order.

V

Nothing in this order shall be construed to exempt CMA from complying with the antitrust laws or the Federal Trade Commission Act. The fact that any activity is not prohibited by this order shall not bar a challenge to it under such laws.

APPENDIX A

(CMA LETTERHEAD)

TO: Recipients of CMA Relative Value Studies

As you may be aware, the FTC has been investigating various components of health care, including relative value study activities of CMA. The Association no longer desires to continue such activities and has discontinued them. It has entered into an agreement with the Federal Trade Commission to formalize the discontinuance of its relative value studies.

This agreement resulted in the issuance by the Federal Trade Commission on _____ of a complaint and the entry of a consent order which requires, in essence, that CMA:

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- (a) stop publishing and participating in the development of relative value studies;
- (b) withdraw the relative value studies it has already published;
- (c) stop suggesting and instructing that conversion factors may be computed and applied to units contained in relative value studies;
- (d) distribute a copy of the complaint and consent order to CMA relative value study recipients; and
- (e) notify recipients of CMA's relative value studies to return them to CMA.

The complaint alleges basically that CMA's relative value studies have the effect of influencing fees charged by physicians. The consent agreement with the FTC states that it is for settlement purposes only and does not constitute an admission by the CMA of the charges in the complaint or that the law has been violated.

In accordance with the provisions of the FTC's order, you are to cease using and to return all copies of any CMA relative value study in your possession.

The proper mailing address:

California Medical Association
731 Market Street
San Francisco, California 94103

Copies of the FTC's complaint and order are enclosed.

Sincerely,

President

Enclosures

APPENDIX "B"

Commissioner
Medical Services Administration
Social and Rehabilitation Service
Department of Health, Education, and
Welfare
330 C Street, S.W.
Washington, DC 20201

Commissioner of Social Security
Department of Health, Education, and
Welfare
6401 Security Boulevard
Baltimore, MD 21235

National Association of Blue Shield
Plans
211 East Chicago Avenue
Chicago, IL 60611

Deputy Assistant Secretary for
Health Resources and Programs
Department of Defense
Washington, DC 20301

Directorate
OCHAMPUS
Department of Defense
Washington, DC 20301

OCHAMPUS
Department of Defense
Denver, CO 80240

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Health Application Systems 1633 Bayshore Highway Burlingame, CA 94010	Blue Cross of Southern California Box 27747 4777 Sunset Boulevard Los Angeles, CA 90027
Blue Cross and Blue Shield of Alabama 930 S. 20th Street Birmingham, AL 35298	Blue Cross of Northern California 1950 Franklin Street Oakland, CA 94659
Blue Cross of Arizona, Inc. 321 W. Indian School Road Box 13466 Phoenix, AZ 85002	Blue Shield of California 2 North Point San Francisco, CA 94113
Arizona Blue Shield Medical Service 321 W. Indian School Road Box 13466 Phoenix, AZ 85002	Colorado Hospital Service - BC 244 University Boulevard Denver, CO 80206
Arkansas Blue Cross and Blue Shield, Inc. 601 Gaines Street Box 2181 Little Rock, AR 72203	Colorado Medical Service, Inc. - BS 244 University Boulevard Denver, CO 80206
Connecticut Medical Service, Inc. 221 Whitney Avenue New Haven, CT 06509	Connecticut Blue Cross, Inc. Box 504 370 Bassett Road North Haven, CT 06473
Blue Cross and Blue Shield of Dela- ware, Inc. 201 W. 14th Street Box 1991 Wilmington, DE 19899	Hawaii Medical Service Association 1504 Kapiolani Boulevard Box 860 Honolulu, HI 96808 - BS
Group Hospitalization, Inc. - BC 550 12th Street, S.W. Washington, DC 20024	Blue Cross of Idaho, Inc. 1501 Federal Way Box 7408 Boise, ID 83707
Medical Service of the District of Co- lumbia - BS 550 12th Street, S.W. Washington, DC 20024	North Idaho District Medical Service Bureau, Inc. - BS 1602 21st Avenue Box 1106 Lewiston, ID 83501
Blue Cross of Florida, Inc. 532 Riverside Avenue Box 1798 Jacksonville, FL 32201	Illinois Hospital and Health - BC Ser- vice, Inc. 227 N. Wyman Street Rockford, IL 61101

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Blue Shield of Florida, Inc. 532 Riverside Avenue Box 1798 Jacksonville, FL 32201	Hospital Service Corporation - BC 233 North Michigan Avenue Box 1364 Chicago, IL 60601
Blue Cross of Georgia/Atlanta Inc. 1010 West Peachtree St., N.W. Box 4445 Atlanta, GA 30302	Illinois Medical Service - BS 233 North Michigan Avenue Chicago, IL 60601
Blue Cross of Georgia/Columbus Inc. 2357 Warm Springs Road Box 1520 Columbus, GA 31902	Blue Cross of Indiana 120 W. Market Street Indianapolis, IN 46204
Blue Shield of Georgia/Atlanta Inc. 1010 West Peachtree St., N.W. Box 4445 Atlanta, GA 30302	Mutual Medical Insurance Inc. - BS 120 W. Market Street Indianapolis, IN 46204
Blue Shield of Georgia/Columbus Inc. 2357 Warm Springs Road Box 1520 Columbus, GA 31902	Blue Cross of Iowa Liberty Building Sixth Street & Grand Avenue Des Moines, IA 50307
Blue Shield of Iowa Liberty Building Des Moines, IA 50307	Blue Cross of Michigan 600 Lafayette E. Detroit, MI 48226
Kansas Hospital Service Association, Inc. 1133 Topeka Avenue Box 239 Topeka, KS 66601	Blue Shield of Michigan 600 Lafayette E. Detroit, MI 48226
Kansas Blue Shield 1133 Topeka Avenue Box 239 Topeka, KS 66601	Blue Cross and Blue Shield of Minneso- ta 3535 Blue Cross Road Box 3560 St. Paul, MN 55165
Blue Cross Hospital Plan Inc. 3101 Bardstown Road Louisville, KY 40205	Blue Cross and Blue Shield of Minneso- ta 2344 Nicollet Avenue Minneapolis, MN 55404
Kentucky Physicians' Mutual, Inc. 3101 Bardstown Road Louisville, KY 40205	Blue Cross and Blue Shield of Missis- sippi, Inc. 530 E. Woodrow Wilson Drive Box 1043 Jackson, MS 39205
Blue Cross of Louisiana 10225 Florida Boulevard Box 15699 Baton Rouge, LA 70815	Blue Cross of Kansas City 3637 Broadway Box 169 Kansas City, MO 64141

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Hospital Service Association of New Orleans - Blue Cross Hospital Service, Inc. of
New Orleans - BC
2026 St. Charles Avenue
New Orleans, LA 70130

Missouri
1430 Olive Street
St. Louis, MO 63103

Maine Blue Cross and Blue Shield
110 Free Street
Portland, ME 04101

Blue Shield of Kansas City
3637 Broadway
Box 169
Kansas City, MO 64141

Blue Cross of Maryland
700 E. Joppa Road
Box 9836
Towson, MD 21204

St. Louis Blue Shield
5775 Campus Parkway
Hazelwood, MO 63042

Blue Shield of Maryland, Inc.
700 E. Joppa Road
Towson, MD 21204

Blue Cross of Montana
3360 10th Avenue S.
Great Falls, MT 59405

Blue Cross of Massachusetts
133 Federal Street
Boston, MA 02106

Montana Physicians' Service - BS
404 Fuller Avenue
Box 1677
Helena, MT 59601

Blue Cross and Blue Shield of South
Carolina
I-20 East at Alpine Road
Columbia, SC 29219

Blue Cross of Virginia
2015 Staples Mill Road
Box 27401
Richmond, VA 23279

Blue Cross of Western Iowa and South
Dakota
Third & Pierce Streets
Box 1677
Sioux City, IO 51102

Blue Cross of Southwestern Virginia
1212 Third Street, S.W.
Box 2770
Roanoke, VA 24001

South Dakota Medical Service, Inc.
711 N. Lake Avenue
Sioux Falls, SD 57104

Blue Shield of Virginia
2015 Staples Mill Road
Box 27401
Richmond, VA 23279

Blue Cross-Blue Shield of Tennessee
801 Pine Street
Chattanooga, TN 37402

Blue Shield of Southwestern Virginia
1212 Third Street, S.W.
Box 2770
Roanoke, VA 24001

Kitsap Physicians' Service
820 Pacific Avenue
Box 339
Bremerton, WA 98310

Associated Hospitals, Inc.
401 Federal Street
Box 131
Bluefield, WV 24701

Blue Cross Hospital Service, Inc.
Commerce Square
Box 1343
Charleston, WV 25325

Parkersburg Hospital Service, Inc.
203 Union Trust Building
Box 1948
Parkersburg, WV 26101

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West Virginia Hospital Service, Inc. 20th & Chapline Streets Wheeling, WV 26003	Surgical Service, Inc. Commercial Bank Building Box 131 Bluefield, WV 24701
Blue Shield of Southern West Virginia, Inc. Commerce Square Box 1353 Charleston, WV 25325	Medical-Surgical Service, Inc. Union National Bank Building Clarksburg, WV 26301
Morgantown Medical-Surgical Service, Inc. 265 High Street Morgantown, WV 26505	Memphis Hospital Service and Surgical Association, Inc. 85 N. Danny Thomas Boulevard Box 98 Memphis, TN 38101
West Virginia Medical Service Inc. 20th & Chapline Streets Box 6246 Wheeling, WV 26003	Group Hospital Service, Inc. Main at N. Central Expressway Dallas, TX 75201
Associated Hospital Service, Inc. 4115 N. Teutonia Avenue Box 2025 Milwaukee, WI 53201	Group Life and Health Insurance Co. Main at N. Central Expressway Dallas, TX 75201
Wisconsin Physicians' Service 330 E. Lakeside Street Box 1109 Madison, WI 53701	Blue Cross of Utah 2455 Parley's Way Box 270 Salt Lake City, UT 84110
Surgical Care, The Blue Shield Plan of the Medical Society of Milwaukee County 756 N. Milwaukee Street Milwaukee, WI 53202	Blue Shield of Utah 2455 Parley's Way Box 270 Salt Lake City, UT 84110
Blue Cross of Wyoming 4020 House Avenue Box 2266 Cheyenne, WY 82001	Blue Shield of Wyoming 4020 House Avenue Box 2266 Cheyenne, WY 82001
Genesee Valley Medical Care, Inc. 41 Chestnut Street Rochester, NY 14647	Medical Mutual of Cleveland, Inc. 2060 E. Ninth Street Cleveland, OH 41115
Blue Shield of Central New York, Inc. 344 S. Warren Street Syracuse, NY 13202	Ohio Medical Indemnity, Inc. 6740 N. High Street Worthington, OH 43085

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- Medical and Surgical Care, Inc.
5 Hopper Street
Utica, NY 13501
- Blue Cross and Blue Shield of Oklahoma
1215 S. Boulder Avenue
Box 3283
Tulsa, OK 74102
- Blue Cross and Blue Shield of North Carolina
P. O. Box 2291
1830 Chapel Hill-Durham Blvd.
Durham, NC 27702
- Blue Cross of Oregon
100 S.W. Market Street
Box 1271
Portland, OR 97207
- Blue Cross of North Dakota
301 S. Eighth Street
Fargo, ND 58102
- Oregon Physicians' Service
619 S.W. 11th Avenue
Box 1071
Portland, OR 97207
- Blue Shield of North Dakota
301 S. Eighth Street
Fargo, ND 58102
- Blue Cross of Lehigh Valley
1221 Hamilton Street
Allentown, PA 18102
- Blue Cross Hospital Plan, Inc.
201 Ninth Street, N.W.
Canton, OH 44702
- Capital Blue Cross
100 Pine Street
Harrisburg, PA 17101
- Blue Cross of Southwest Ohio
1351 William Howard Taft Rd.
Cincinnati, OH 45206
- Blue Cross of Greater Philadelphia
1333 Chestnut Street
Philadelphia, PA 19107
- Blue Cross of Northeast Ohio
2066 E. Ninth Street
Cleveland, OH 44115
- Blue Cross of Western Pennsylvania
1 Smithfield Street
Pittsburgh, PA 15222
- Blue Cross of Central Ohio
174 E. Long Street
Columbus, OH 43215
- Blue Cross of Northeastern Pennsylvania
15 S. Franklin Street
Wilkes-Barre, PA 18701
- Blue Cross of Lima, Ohio
7 Public Square
Box 1046
Lima, OH 45802
- Pennsylvania Blue Shield
Blue Shield Building
Camp Hill, PA 17011
- Blue Cross of Northwest Ohio, Inc.
3737 Sylvania Avenue
Box 943
Toledo, OH 43656
- Blue Cross and Blue Shield of Rhode Island
Box 1298
444 Westminster Mall
Providence, RI 02901
- Blue Cross of Nebraska
Box 3248
Main P.O. Station
Omaha, NB 68103
- Chautauqua Region Hospital Service Corporation
306 Spring Street
Box 1119
Jamestown, NY 14701

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Blue Shield of Nebraska Box 3248 Main P.O. Station Omaha, NB 68103	Associated Hospital Service of New York 622 Third Avenue New York, NY 10017
Nevada Blue Shield 3660 Baker Lane Reno, NV 89502	Rochester Hospital Service Corporation 41 Chestnut Street Rochester, NY 14647
New Hampshire-Vermont Hospitalization Service - BC 2 Pillsbury Street Concord, NH 03301	Blue Cross of Central New York, Inc. 344 S. Warren Street Box 271 Syracuse, NY 13201
New Hampshire-Vermont Physicians' Service 2 Pillsbury Street Concord, NH 03301	Hospital Plan, Inc. 5 Hopper Street Utica, NY 13501
Hospital Service Plan of New Jersey - BC 33 Washington Street Box 420 Newark, NJ 07101	Hospital Service Corporation of Jefferson County 158 Stone Street Watertown, NY 13601
Medical-Surgical Plan of New Jersey - BS 33 Washington Street Newark, NJ 07102	Blue Shield of Northeastern New York, Inc. Box 8650 Albany, NY 12208
New Mexico Blue Cross and Blue Shield, Inc. 12800 Indian School Road N.E. Albuquerque, NM 87112	Blue Shield of Western New York, Inc. 298 Main Street Buffalo, NY 14202
Blue Cross of Northeastern New York, Inc. 1251 New Scotland Road Box 8650 Albany, NY 12208	Chautauqua Region Medical Service Inc. 306 Spring Street Jamestown, NY 14701
Blue Cross of Western New York, Inc. 298 Main Street Buffalo, NY 14202	United Medical Service, Inc. 2 Park Avenue New York, NY 10016
Blue Cross of Washington-Alaska, Inc. 15700 Dayton Avenue, North Seattle, WA 98133	California Physicians' Service P. O. Box 7608 San Francisco, CA 94120
The Indiana State Medical Association 3935 North Meridian Street Indianapolis, IN 46208	Colorado Medical Service, Inc. 244 University Blvd. Denver, CO 80206

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Continental Service Life & Health Insurance Company Box 3397 5353 Florida Boulevard Baton Rouge, LA 70821	Connecticut General Life Insurance Company Hartford, CT 06115
Blue Cross & Blue Shield of Greater New York 622 3rd Avenue New York, NY 10016	Medical Association of Georgia 938 Peachtree Street, N.E. Atlanta, GA 30309
Missouri Medical Service 5775 Campus Parkway Hazelwood, MO 63042	Mississippi State Medical Association 735 Riverside Drive Jackson, MS 39216
Washington Physicians' Service 220 West Harrison Street Seattle, WA 98119	Medical-Surgical Care, Inc. 203 Union Trust Building Box 1948 Parkersburg, WV 26101
New York Life Insurance Company 51 Madison Avenue New York, NY 10010	Metropolitan Life Insurance Company 1 Madison Avenue New York, NY 10010
Prudential Insurance Company of Amer- ica Prudential Plaza Newark, NJ 07101	The Travelers Insurance Company 1 Tower Square Hartford, CT 06115
Continental Assurance Company CNA Plaza Chicago, IL 60605	Aetna Life Insurance Company 151 Farmington Avenue Hartford, CT 06115
Bankers Life Company 711 High Street Des Moines, IA 50307	Employers Life Insurance Company of Wausau 2000 Westwood Drive Wausau, WI 54401
Nationwide Life Insurance Company 246 North High Street Columbus, OH 43216	Colonial Penn Life Insurance Company 5 Penn Center Plaza Philadelphia, PA 19108
Equitable Life Assurance Society of the U.S. 1285 Avenue of the Americas New York, NY 10019	Firemen's Fund Insurance Company 3333 California Street San Francisco, CA 94118
Reliance Insurance Group 4 Penn Center Plaza Philadelphia, PA 19103	Zurich Life Insurance Company 111 West Jackson Boulevard Chicago, IL 60604
Occidental Life Insurance Company of California Box 2101 Terminal Annex Los Angeles, CA 90054	Mutual of Omaha Insurance Company Dodge at 33rd Street Omaha, NE 68131

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Blue Shield of Massachusetts, Inc.
133 Federal Street
Boston, MA 02106

Blue Cross of Eastern Ohio, Inc.
2400 Market Street
Youngstown, OH 44507

Nevada State Medical Association
3660 Baker Lane
Reno, NV 89502

Alameda-Contra Costa
Medical Association
6230 Claremont Avenue
Oakland, CA 94618

Butte-Glenn Medical Society
811 East Fifth Avenue
Chico, CA 95926

Butte-Glenn Foundation for Medical
Care
815 East Fifth Avenue
Chico, CA 95926

Forty First Medical Society
3250 Wilshire Boulevard
Suite 606
Los Angeles, CA 90010

Fresno-Madera Medical Society
P. O. Box 31
Fresno, CA 93707

Foundation for Medical Care of Fresno
County
P. O. Box 31
Fresno, CA 93707

Humboldt-Del Norte County Medical Society
P. O. Box 1395
3100 Edgewater Drive
Eureka, CA 95501

Humboldt-Del Norte Foundation for
Medical Care
P. O. Box 1395
Eureka, CA 95501

Imperial County Medical Society
200 South Imperial Avenue
Imperial, CA 92251

Inyo-Mono County Medical Society
c/o Owen R. Walker, MD, President
293 Willow Street
Bishop, CA 93514

Kern County Medical Society
1314 17th Street
Bakersfield, CA 93301

Foundation for Medical Care of Kern
County
2603 G Street
Bakersfield, CA 93301

Kings County Medical Society
P. O. Box 1003
Hanford, CA 93230

Lassen-Plumas-Modoc-Sierra County
Medical Society
c/o Herman H. Gray, MD, President
P. O. Box 519
Chester, CA 96020

Los Angeles County Medical Association
P. O. Box 3465
Terminal Annex
Los Angeles, CA 90054

Marin Medical Society
P. O. Box 4344
4460 Redwood Highway
San Rafael, CA 94903

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Marin Foundation for Medical Care,
Inc.

P. O. Box 4344
San Rafael, CA 94903

Mendocino-Lake County Medical Society
P. O. Box 722
215 West Standley Drive
Ukiah, CA 95482

Merced-Mariposa Medical Society
2835 North G Street
Merced, CA 95340

Foundation for Medical Care of Merced
County
2835 G Street
Bear Creek Plaza
Merced, CA 95340

Monterey County Medical Society
P. O. Box 308
19045 Portola Drive
Salinas, CA 93901

Monterey Bay Area Foundation for
Medical Care
P. O. Box 308
Salinas, CA 93901

Napa County Medical Society
1041 Lincoln Avenue
P. O. Box 2158
Napa, CA 94558

Orange County Medical Association
300 South Flower Street
Orange, CA 92668

Foundation for Medical Care of Orange
County
300 South Flower Street
Orange, CA 92668

Placer-Nevada County Medical Society
1212 High Street
Auburn, CA 95603

Riverside County Medical Association
6833 Indiana Avenue
Riverside, CA 92506

Foundation for Medical Care of River-
side County
6833 Indiana Avenue
Riverside, CA 92506

Sacramento County Medical Society
5380 Elvas Avenue
Sacramento, CA 95819

Medical Care Foundation
650 University Avenue
Sacramento, CA 95825

San Benito County Medical Society
c/o Fisk Brooks, MD, President
565 Monterey Street
Hollister, CA 95023

San Bernardino County Medical Society
P. O. Box 5216
San Bernardino, CA 92412

San Bernardino Foundation for Medical
Care
P. O. Box 6186
San Bernardino, CA 92412
San Diego, CA 92123

San Diego County Medical Society
P. O. Box 23015
3702 Ruffin Road

San Diego Foundation for Medical Care
3702 Ruffin Road
San Diego, CA 92123

San Francisco Medical Society
250 Masonic Avenue
San Francisco, CA 94118

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San Francisco Medical Society Health Plan, Inc. 250 Masonic Avenue San Francisco, CA 94118	San Joaquin County Medical Society P. O. Box 230 445 West Acacia Street Stockton, CA 95201
San Joaquin Foundation for Medical Care P. O. Box 230 Stockton, CA 95203	San Luis Obispo County Medical Soci- ety P. O. Box 319 San Luis Obispo, CA 93406
Medical Care Foundation of /Santa Barbara County Nine East Pedrogosa Santa Barbara, CA 93101	San Mateo County Medical Society 3080 La Selva San Mateo, CA 94403
The Health Care Foundation of San Mateo County, Inc. 3080 La Selva San Mateo, CA 94403	Medical Society of Santa Barbara Coun- ty Nine East Pedrogosa Santa Barbara, CA 93101
Medical Care Foundation of Santa Barbara County Nine East Pedrogosa Santa Barbara, CA 93101	Santa Clara County Medical Society 700 Empey Way San Jose, CA 95128
Foundation for Medical Care of Santa Clara County P. O. Box 50003 San Jose, CA 95150	Santa Cruz County Medical Society P. O. Box 308 Salinas, CA 93901
Monterey Bay Area Foundation for Medical Care P. O. Box 308 Salinas, CA 93901	Shatsa-Trinity County Medical Society P. O. Box 959 Redding, CA 96001
Siskiyou County Medical Society c/o Donald Meamber, MD, President 750 South Main Yreka, CA 96097	Solano County Medical Society 773 Tuolumne Street Vallejo, CA 94590
Sonoma County Medical Association 3452 Mendocino Avenue Santa Rosa, CA 95401	Foundation for Medical Care of Sonoma County 3452 Mendocino Avenue Santa Rosa, CA 95401
Stanislaus Medical Society P. O. Box 1755 Modesto, CA 95354	Stanislaus Foundation for Medical Care P. O. Box 1755 Modesto, CA 95354
Tehema County Medical Society 343 Oak Street Red Bluff, CA 96080	Tulare County Medical Society P. O. Box 16 1821 West Meadow Lane Visalia, CA 93277

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Foundation for Medical Care of Tulare

County	Ventura County Medical Society
1821 West Meadow Lane, Suite A	2977 Loma Vista Road
Visalia, CA 93277	Ventura, CA 93003

Ventura County Foundation for Medical

Care	Yolo County Medical Society
3212 Loma Vista Road	P. O. Box 1312
Ventura, CA 93003	117 West Main Street, Suite 20
	Woodland, CA 95695

Medical Care Foundation

650 University Avenue	Yuba-Sutter-Colusa County Medical Society
Sacramento, CA 95825	P. O. Box L
	Marysville, CA 95901

Los Angeles County Medical Association

District 1 - Metropolitan	Los Angeles County Medical Association
1925 Wilshire Boulevard	District 2 - Pasadena
Los Angeles, CA 90057	127 North Madison Ave., Suite 110
	Pasadena, CA 91101

Los Angeles County Medical Association

District 3 - Long Beach	Long Beach Foundation for Medical Care
115 East Eighth Street	P. O. Box 887
Long Beach, CA 90813	Long Beach, CA 90813

Los Angeles County Medical Association

District 4 - Glendale	Los Angeles County Medical Association
545 West Glenoaks Boulevard	District 5 - Bay
Glendale, CA 91202	2901 Wilshire Blvd., Suite 101
	Santa Monica, CA 90403

Los Angeles County

Medical Association	San Fernando Valley
District 6 - West San Fernando Valley	Foundation for Medical Care
15910 Ventura Blvd., Suite 1403	15910 Ventura Boulevard
Encino, CA 91436	Encino, CA 91436

Los Angeles County Medical Association

District 7 - Beverly Hills	Los Angeles County Medical Association
184 North Canon Drive	District 8 - South
Beverly Hills, CA 90210	438 South Gaffey
	San Pedro, CA 90731

Los Angeles County Medical Association

District 9 - Southwest	Los Angeles County Medical Association
3655 Lomita Blvd., Suite 319	District 10 - Southeast
Torrance, CA 90505	14724 Ventura Blvd., Suite 604
	Sherman Oaks, CA 91403

Los Angeles County Medical Association

District 11 - East	Los Angeles County Medical Association
13766 East Philadelphia Street	District 12 - San Gabriel Valley
Whittier, CA 90601	P. O. Box 848
	San Gabriel, CA 91778

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Los Angeles County Medical Association	Los Angeles County Medical Association
District 13 - Foothill	District 14 - Pomona
735 West Duarte Road, Suite 405	1798 North Garey Avenue
Arcadia, CA 91006	Pomona, CA 91767

Los Angeles County Medical Association	Los Angeles County Medical Association
District 15 - Centinela Valley	District 16 - Antelope Valley
P. O. Box 2368	P. O. Box 2469
Inglewood, CA 90305	Lancaster, CA 93534

Los Angeles County Medical Association
District 17 - East San Fernando Valley
14724 Ventura Blvd., Suite 604
Sherman Oaks, CA 91403

IN THE MATTER OF
INTERMATIC INCORPORATED

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2961. Complaint, April 25, 1979 — Decision, April 25, 1979

This consent order, among other things, requires a Spring Grove, Ill. manufacturer and distributor of electrical devices to cease misrepresenting energy or cost savings that may be realized through the use of its water heater timer without disclosing that use of the timer would decrease the quantity and temperature of hot water used and adversely affect dishwasher operations. The firm would be required to make relevant disclosure statements in product advertising, labeling and instructions; and recall all previously disseminated material which fails to conform with the terms of the order. Additionally, the firm would be required to continue its existing refund policy; and maintain specified records for designated time periods.

Appearances.

For the Commission: *Randall H. Brook* and *Michael E. Kipling*.

For the respondent: *Ann Ray Heitland* and *Richard J. Hoskins*,
Schiff, Hardin & Waite, Chicago, Ill.

COMPLAINT

The Federal Trade Commission, having reason to believe that Intermatic Incorporated, a corporation, has violated Section 5 of the Federal Trade Commission Act, as amended, and that a proceeding in that respect is in the public interest, issues this complaint.

PARAGRAPH 1. Respondent Intermatic Incorporated ("Intermatic") is a Delaware corporation with its principal office and place of business at Intermatic Plaza, Spring Grove, Illinois.

Allegations below stated in the present tense include the past tense.

PAR. 2. Intermatic is engaged in the manufacture, advertising, offering for sale, sale and distribution of a variety of electric appliances (primarily electric timing and switching devices) for home and business usage.

PAR. 3. In the conduct of its business, Intermatic ships electric appliances and devices to wholesale purchasers throughout the United States. Intermatic prepares advertising, promotional and labeling materials for its products in Spring Grove, Illinois and disseminates these materials throughout the country. Intermatic, therefore, maintains a substantial course of advertising and trade in