

IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
CHAMPAIGN COUNTY, ILLINOIS, AT LAW

FILED

FEB 19 2008

Linda S. Frank
CLERK OF THE CIRCUIT COURT
CHAMPAIGN COUNTY, ILLINOIS

THE PEOPLE OF THE STATE OF ILLINOIS, <i>ex rel.</i> LISA MADIGAN, Attorney General of Illinois,)	
)	
)	
)	No. 07 L 115
Plaintiffs,)	
)	
v.)	Hon. Richard P. Klaus
)	
CARLE CLINIC ASSOCIATION, P.C., and CHRISTIE CLINIC, P.C.,)	JURY TRIAL DEMANDED
)	
)	
Defendants.)	

FIRST AMENDED COMPLAINT

Plaintiffs, the People of the State of Illinois, by Lisa Madigan, Attorney General of Illinois, on behalf of the State and its citizens, complain against Defendants Carle Clinic Association, P.C. ("Carle"), an Illinois professional corporation, and Christie Clinic, P.C. ("Christie"), an Illinois professional corporation (collectively "the Clinics"), for violating the Illinois Antitrust Act, 740 ILCS 10/1 *et seq.*, as follows:

I. Introduction

1. The Illinois Antitrust Act prohibits competitors from agreeing (1) to limit their supply of products or services with the purpose or effect of raising prices or (2) to unreasonably restrain trade. 740 ILCS 10/3. In mid-March 2003, Carle and Christie, two competing, for-profit medical clinics in Champaign County, Illinois, implemented an unlawful agreement (adopted over time during late 2002 and early 2003) to limit services to patients eligible for Medicaid or Illinois Public Aid ("Medicaid") by agreeing not to

accept new Medicaid-eligible patients seeking primary care (the “Agreement”). Under their Agreement, the Clinics implemented Medicaid policies that were identical. Carle and Christie employ over 80% of the primary care physicians in Champaign County and knew their Agreement would leave many Medicaid-eligible patients—children and adults with little or no income—without access to primary medical care.

2. The purpose of the Agreement was to unlawfully increase Medicaid reimbursement rates and to accelerate reimbursement payments—without losing business to the competing Clinic.

3. As a result of their unlawful Agreement, many of the 20,000 Medicaid-eligible children and adults in Champaign County lost choices in and quality of medical care available to them—if they could access care at all. Carle’s and Christie’s unlawful conduct caused a medical crisis in that Medicaid-eligible patients in Champaign County (i) were left without access to primary medical care; (ii) had to use emergency rooms to access primary care treatment, for which the State paid higher rates; or (iii) had to pay for primary care services out-of-pocket at higher rates.

4. By entering into the Agreement, the Clinics violated section 3 of the Illinois Antitrust Act.

II. Parties

5. The Attorney General of Illinois, Lisa Madigan, brings this Complaint under her common law authority to represent the people of the State of Illinois and under her authority under section 7 of the Illinois Antitrust Act, 740 ILCS 10/7. Specifically, the Attorney General has the authority to seek:

- a. Injunctive relief under section 7(1): “The Attorney General . . . shall bring suit in the Circuit Court to prevent and restrain violations of Section 3 of this Act”;
- b. Civil penalties under section 7(4): “In lieu of any criminal penalty . . . , the Attorney General may bring an action in the name and on behalf of the people of the State against any . . . corporation, domestic or foreign, to recover a penalty not to exceed \$1,000,000 . . . for any act herein declared illegal”;
- c. Treble damages for state agencies under section 7(2): “The Attorney General may bring an action on behalf of this State, counties, municipalities, townships and other political subdivisions organized under the authority of this State to recover the damages under this subsection”; and
- d. Treble damages as *parens patriae* of injured persons under section 7(2): “Any person who has been injured in his business or property, or is threatened with such injury, by a violation of Section 3 of this Act may maintain an action in the Circuit Court for damages, or for an injunction, or both, against any person who has committed such violation.”

6. Carle is an Illinois corporation headquartered at 602 W. University Avenue in Urbana, Illinois. With over 300 physicians, Carle is one of the largest for-profit medical clinics in Illinois and in the United States.

7. Christie is an Illinois corporation headquartered at 101 W. University Avenue in Champaign, Illinois. With about 100 physicians, Christie is one of the largest for-profit medical clinics in Illinois.

III. Jurisdiction & Venue

8. Jurisdiction is proper under 735 ILCS 5/2-209 because Carle and Christie do business in Illinois.

9. Venue is proper under 735 ILCS 5/2-102 because the Clinics have offices in Champaign County, and their registered agents are located in Champaign County.

IV. Illegal Conduct

A. Carle and Christie seek higher Medicaid rates and faster Medicaid payments from the State of Illinois.

10. In June 2001, Dr. R. Bruce Wellman ("Dr. Wellman") became Carle's CEO and president. Dr. Wellman began to look for ways to increase Carle's profits. In particular, he focused on Medicaid reimbursement rates, which were lower than reimbursement rates from other payor groups, such as private insurers and Medicare. Medicaid reimbursement payments also were slower. Dr. Wellman began lobbying the Illinois legislature to raise Medicaid reimbursement rates. Dr. Wellman's lobbying initiative failed.

11. During the same time period, Christie also sought higher Medicaid reimbursement rates and faster payment.

B. Carle intends to reject new Medicaid-eligible patients.

12. At a Carle board of governors meeting in April 2002, Dr. Wellman explained that his efforts to increase Medicaid rates by lobbying local legislators were unlikely to be successful. Dr. Wellman recommended that Carle stop seeing new Medicaid-eligible patients, which would pressure the State of Illinois to raise Medicaid rates and accelerate payments.

13. At the next Carle board meeting in May 2002, Dr. Wellman informed the board that he was developing a plan to stop accepting new Medicaid-eligible patients. The proposed start-date would be July 1, 2002. Dr. Wellman informed the board that he intended to "work collaboratively with other health care interests in the community in developing a unified program." One of the "other health care interests" was Christie.

14. In July 2002, Carle's board of governors adopted a written Medicaid policy under which Carle would serve only its "fair share" of Medicaid-eligible patients. Carle would treat Medicaid-eligible patients so long as its percentage of Medicaid-eligible patient visits was less than the percentage of people eligible for Medicaid in Champaign County. If Medicaid-eligible patients made up 10% of Champaign County, then Carle would accept Medicaid-eligible patients so long as they made up only 10% of its patient visits.

15. Neither Dr. Wellman nor Carle's board ever implemented, or enforced this written Medicaid policy. Instead, Dr. Wellman worked to deny primary care services completely to new Champaign County Medicaid-eligible patients.

16. Representatives of Carle and Christie also attended community-group meetings about the community's free clinic, Frances Nelson Health Center ("Frances Nelson"). At the meetings, Carle announced that it would be implementing a policy to turn away new Medicaid-eligible patients and wanted to do so soon. In making that announcement, Carle invited Christie to adopt a similar policy. Indeed, Carle took no steps to implement the policy until after Christie agreed to implement an identical policy.

C. Carle puts its Medicaid policy on hold to get cooperation from Christie.

17. Other than Carle, the only major provider of primary care services in Champaign County is Carle's primary competitor, Christie.

18. Carle needed Christie's agreement to refuse to treat new Medicaid-eligible patients if Carle was going to successfully pressure the State of Illinois to raise Medicaid reimbursement rates and expedite reimbursement payments. If Christie continued to accept new Medicaid-eligible patients while Carle alone implemented its Medicaid

policy, Champaign County Medicaid-eligible patients would still have access to primary medical care through Christie. Without a shortage of primary care services, there would be less pressure on the State to increase and expedite reimbursement.

19. Carle also sought to avoid giving a competitive advantage to Christie by Carle, alone, forgoing the benefits of providing primary care to Medicaid-eligible patients.

20. Carle and Christie benefited financially from treating new Medicaid-eligible patients. Each Clinic earned a profit from treating new Medicaid-eligible patients because the marginal revenue they received in Medicaid reimbursements was greater than the marginal cost of treating Medicaid-eligible patients.

21. Treating new Medicaid-eligible patients also is beneficial for Carle and Christie by providing their newer primary care physicians with a source of patients for their practices. Medicaid-eligible patients sometimes become privately insured or eligible for Medicare. By treating those patients, newer primary care physicians build their practices, and the Clinics benefit further when those patients switch to a payor with higher reimbursement rates because those patients tend to stay with their primary care physicians.

22. Medicaid-eligible patients also are a source of referrals for patients covered by payors offering higher reimbursement rates.

23. If Carle alone stopped accepting new Medicaid-eligible patients, Carle risked losing to Christie sources of referrals, sources of patients and training for newer physicians, and revenue from Medicaid-eligible patients. By acting in concert to refuse to provide primary care services to new Medicaid-eligible patients, Carle and Christie both

would sacrifice in the short-run the benefits of treating Medicaid-eligible patients to receive in the long-run higher reimbursement rates and faster payment.

24. Moreover, due to the Clinics' large combined market share of primary care physicians, an agreement to stop seeing new Medicaid-eligible patients would assure the Clinics that these patients either would not be seen by any physician or would be seen only by physicians at emergency rooms or a free clinic—places where referrals for primary care would be few and where patients transitioning to other healthcare coverage would be unlikely to seek further care.

25. For these reasons, Carle sought an agreement with Christie to stop accepting new Medicaid-eligible patients.

D. Carle and Christie unlawfully agree to stop seeing new Medicaid-eligible patients.

26. In late 2002 and early 2003, Christie's CEO, Richard Alan Gleghorn ("Gleghorn"), personally met with Dr. Wellman on several occasions and also had regular contact with Dr. Wellman through telephone calls and email exchanges. During this time, and through these communications, Dr. Wellman and Gleghorn reached the Agreement under which Carle and Christie would act in concert not to accept new Medicaid-eligible patients seeking primary care in order to force an increase in Medicaid reimbursement rates and accelerate reimbursement payments.

27. While Dr. Wellman and Gleghorn were arriving at their Agreement, the Clinics exchanged projections that each would turn away thousands of new Medicaid-eligible patients under the terms of the Agreement. These exchanges assured each Clinic of the other's commitment to the Agreement so that it would have the desired effect of creating a healthcare crisis in Champaign County.

28. The Clinics exchanged these projections in the guise of planning documents for expanding Frances Nelson. To absorb the thousands of Medicaid-eligible patients that Carle and Christie planned to turn away, Frances Nelson required substantial funding to expand its facilities and operations, which Frances Nelson never received. Carle and Christie knew that Frances Nelson could not absorb the Medicaid-eligible patients they would turn away. Nevertheless, the Clinics proceeded with their Agreement to stop treating new Medicaid-eligible patients.

29. In January 2003, Christie's board of directors, pursuant to the unlawful Agreement with Carle, adopted a plan to stop accepting new Medicaid-eligible patients. The Medicaid policy Christie adopted was identical to Carle's.

E. Carle and Christie implement their unlawful Agreement not to treat new Medicaid-eligible patients.

30. Once Christie had entered into the unlawful Agreement with Carle, both Clinics began to implement their Medicaid policies not to accept new Medicaid-eligible patients.

31. In January 2003, both Clinics developed scripts for their schedulers as to what should be said when new Medicaid-eligible patients were denied medical service. Both Clinics also trained employees about operational changes to turn away new Medicaid-eligible patients. The goal of both Clinics was to implement the unlawful Agreement and new Medicaid policies by the end of March 2003.

32. In March 2003, Carle and Christie stopped accepting new Medicaid-eligible patients pursuant to their unlawful Agreement.

33. On May 1, 2003, Gleghorn recognized during a quarterly employee meeting that Christie "will no longer accept new Medicaid-eligible patients." Gleghorn also said that "Carle has adopted this same policy."

F. Pursuant to the unlawful Agreement, Carle and Christie implemented identical Medicaid policies.

34. Carle and Christie knowingly adopted at the same time identical Medicaid policies.

35. Both Clinics decided not to accept new Medicaid-eligible patients.

36. Both Clinics defined new Medicaid-eligible patients in the same way to mean: (1) Medicaid-eligible patients who are not registered with the Clinic; or (2) Medicaid-eligible patients who have not been seen by a Clinic physician for at least three years.

37. Carle and Christie also made the same Clinic-wide exceptions to their Medicaid policies.

- a. Both Clinics continued to see existing Medicaid-eligible patients, which included patients referred by physicians within the same Clinic.
- b. Both Clinics continued to accept Medicaid-eligible patients referred from hospital emergency rooms, although both Clinics encouraged their specialty physicians to serve these patients only for an episode of care, that is, to provide medical treatment only for the condition for which a patient is referred.
- c. Both Clinics also continued to accept patients referred from Frances Nelson under their respective agreements with Frances Nelson. But both Clinics simultaneously and pursuant to the Agreement changed their protocol and encouraged their physicians to provide these patients with only a consultation and to refer them back to Frances Nelson instead of accepting them for ongoing treatment.

38. Notwithstanding these exceptions, since the Clinics' Agreement went into effect, thousands of Medicaid-eligible patients in Champaign County have been denied access to primary care services.

39. The chart below summarizes the Clinics' policies:

Patient Type	Carle Clinic		Christie Clinic	
	Accept	Refuse	Accept	Refuse
Medicaid-eligible patients never registered by the Clinic		X		X
Medicaid-eligible patients not seen by the Clinic in 3 years		X		X
Medicaid-eligible patients referred by physicians within the same Clinic	X		X	
Medicaid-eligible patients referred by hospital emergency room	Encourage only episode of care		Encourage only episode of care	
Medicaid-eligible patients referred by Frances Nelson	Encourage consult only		Encourage consult only	

G. Carle and Christie continue coordinating their efforts to implement their Medicaid policies.

40. Carle and Christie have continued to coordinate their refusals to provide medical care to new Medicaid-eligible patients pursuant to their unlawful Agreement.

41. In the spring of 2003, Christie's IPA (Illinois Public Aid) Policy Task Force raised several issues about how Christie was implementing its new policy not to accept new Medicaid-eligible patients. Gleghorn contacted someone at Carle—either Dr. Wellman or Michael Bukosky, Carle's chief administrative officer—to obtain materials used to implement Carle's Medicaid policy. Carle then emailed Gleghorn the telephone scripts that Carle used to deny service for new Medicaid-eligible patients.

42. Since 2003, Carle and Christie representatives have met at Frances Nelson community-group meetings, where attendees often discussed the Clinics' continuing policies not to accept new Medicaid-eligible patients. Dr. Wellman and Gleghorn personally attended many of these meetings and assured each other of their Clinics' continued commitment not to treat new Medicaid-eligible patients.

43. In an April 2005 email, Gleghorn asked Dr. Wellman if he planned to meet with a community-health representative about Medicaid policies. Gleghorn said that the Clinics should have a "unified front."

V. Anticompetitive Purpose and Effects

A. The purpose of the Clinics' Agreement was to raise Medicaid rates and expedite reimbursement payments.

44. The purpose of the Clinics' Agreement to stop providing primary care services to Medicaid-eligible patients was to pressure the State of Illinois to raise Medicaid reimbursement rates and accelerate reimbursement payments. The Clinics' Agreement caused a shortage in primary care services and a healthcare crisis in Champaign County.

45. The healthcare crisis Carle and Christie created attracted the attention of a state congressman, the mayors of Champaign and Urbana, the Champaign-Urbana Public Health District, the Illinois Department of Healthcare and Family Services ("DHFS"), and other state and local agencies.

46. For example, in October 2006, while the Clinics' Agreement was causing the healthcare crisis, Gleghorn met with the Director of DHFS and made it clear that Christie wanted the State to pay Christie higher Medicaid reimbursement rates before Christie would end the Agreement and accept new Medicaid-eligible patients.

B. The Clinics agreed to sacrifice the benefits from treating new Medicaid-eligible patients in the short-run to receive higher Medicaid reimbursement rates in the long-run.

47. Before March 2003, Carle and Christie accepted new Medicaid-eligible patients and benefited from treating new Medicaid-eligible patients. *See supra* ¶¶20-22. Their Agreement to stop accepting new Medicaid-eligible patients in March 2003 cost the Clinics revenues, profits, training, and business opportunities.

48. Although the Clinics stated publicly that they implemented their new Medicaid policies because they were incurring financial losses by accepting Medicaid-eligible patients, there was no basis for those statements. In 2002, Carle performed a study that showed that Medicaid reimbursements were less than Carle's average revenue received for similar services for non-Medicaid-eligible patients, but the study did not compare the revenue obtained to the actual costs of providing treatment. Christie undertook no study of any kind on Medicaid earnings. Neither Carle nor Christie performed any study showing whether they profited from treating Medicaid-eligible patients. In fact, each Clinic earned a profit from treating Medicaid-eligible patients. *See supra* ¶20.

49. By acting together to create a healthcare crisis in Champaign County, Carle and Christie not only protected themselves from the competitive consequences that would otherwise flow from refusing to serve new Medicaid-eligible patients, but they also increased the severity of the crisis. The Clinics had more market power by acting jointly. By sacrificing benefits in the short-run by withholding the services of all of their combined primary care physicians, the Clinics increased the pressure to raise the rate and speed of Medicaid reimbursement in the long-run.

C. Carle's and Christie's Agreement causes antitrust injury—higher reimbursement rates for the State of Illinois and higher prices for Medicaid-eligible patients.

50. Carle's and Christie's Agreement has been causing antitrust injury—higher reimbursement rates for the State of Illinois and higher prices for Medicaid-eligible patients.

51. In 2007, DHFS implemented Illinois Health Connect, a primary care case management program that provides physicians with more compensation for treating Medicaid-eligible patients and promises faster reimbursement payments. Under the program, primary care physicians now receive a monthly special care management fee for each Medicaid-eligible patient enrolled and possibly higher reimbursement rates for maternal and child services. These higher rates were in addition to the guaranteed faster payment for error-free claims—30 days for child services and 60 days for adult services—that HFS implemented in 2005 or 2006. One expressed goal of Illinois Health Connect was and is to reduce the usage of the emergency room for routine medical care. Another expressed goal was and is to improve access to care through the availability of a provider network and expansion of providers. The State of Illinois implemented the Illinois Health Connect program in part to address the state-wide lack of primary care for Medicaid-eligible patients in Illinois, including the shortage of primary care for Medicaid-eligible patients in Champaign County.

52. In March 2007, Christie announced that it would participate in the Illinois Health Connect program. Within a month, Illinois Governor Rod Blagojevich visited Christie and thanked Christie physicians and nurses for their work. According to a newspaper story, Gleghorn said he believed that the visit was due to Christie's expected acceptance of more Medicaid patients through its participation in Illinois Health Connect.

Within the next few months, Carle likewise agreed to participate in Illinois Health Connect. The Clinics, however, continue to adhere to the terms of their Agreement and refuse to see new Medicaid patients not enrolled in the Illinois Health Connect program. Despite the Clinics' limited participation in Illinois Health Connect and as a result of the Clinics' Agreement, many Medicaid-eligible patients still cannot receive adequate, or in some cases any, primary care in Champaign County.

53. In addition to the increased reimbursement rates and faster payment under Illinois Health Connect, the State of Illinois also was forced in some circumstances to pay higher prices for Medicaid services by the Clinics' Agreement to stop providing primary care services to Medicaid-eligible patients. Some Medicaid-eligible patients who were turned away by the Clinics used emergency rooms to receive primary care. The State of Illinois typically reimbursed those emergency room treatments at higher rates than if the treatments had been performed in physicians' offices at the Clinics.

54. The Clinics' Agreement also increased the prices paid by Medicaid-eligible patients. Because the Clinics refused to provide primary care services to new Medicaid-eligible patients, some Medicaid-eligible patients paid out-of-pocket and purchased primary care medical services from the Clinics at prices higher than Medicaid reimbursement rates and patient co-pays.

D. Carle's and Christie's Agreement causes antitrust injury—a reduction in primary care services—in Champaign County.

55. The relevant product market is primary care services provided by or supervised by a physician. Providers of primary care services include family physicians, general practice physicians, internal medicine physicians, and pediatricians. Primary care services are not interchangeable with other medical services, such as emergency care or

specialty services. Unlike other healthcare providers, primary care physicians can and do provide without supervision: (1) treatment for common illnesses and disabilities; (2) the first point of contact for consultation for other ailments; (3) treatments for patients through appointments; and (4) coordination for their patients' overall medical plans.

56. The relevant geographic market is Champaign County. Residents of Champaign County generally do not travel outside the county for primary care services. Primary care service providers outside Champaign County are not interchangeable with primary care service providers within Champaign County. This fact is evident in that, after the Clinics stopped accepting new Medicaid-eligible patients, many Champaign County Medicaid-eligible patients were unable to obtain alternative sources of primary medical care.

57. Carle employed and continues to employ approximately 55% of the primary care physicians in Champaign County.

58. Christie employed and continues to employ over 25% of the primary care physicians in Champaign County.

59. Before Carle and Christie implemented their Medicaid policies in March 2003, Carle and Christie physicians were permitted, and generally were willing, to accept new Medicaid-eligible patients for primary care services.

60. Once Carle and Christie stopped accepting new Medicaid-eligible patients, the Medicaid-eligible patients had to seek medical care at Frances Nelson, their only realistic alternative in Champaign County. Frances Nelson, however, did not and does not have the capacity or staff to treat the approximately 20,000 Medicaid-eligible patients in Champaign County. To deal with the influx of Medicaid-eligible patients after Carle and

Christie implemented their Medicaid policies, Frances Nelson created a patient waiting list and, for certain periods of time, even stopped adding patients to the waiting list.

61. Because of the unlawful Agreement and Medicaid policies implemented by Carle and Christie in March 2003, Medicaid-eligible patients—many children and low-income adults—lost the benefits of competition between Carle and Christie.

62. Medicaid-eligible patients who had to turn to Frances Nelson suffered lower quality healthcare because of overcrowding and fewer choices in primary medical care.

63. Other Medicaid-eligible patients, whom Frances Nelson could not accommodate, lost access to primary medical care entirely because of the unlawful Agreement and Medicaid policies jointly adopted by Carle and Christie. In sum, Carle and Christie caused antitrust injury through their Agreement by creating a shortage of primary care services in Champaign County.

64. For example, 285 children were refused admission to school in the fall of 2003 because they could not get their required examinations and vaccinations before the October 15 deadline. Although many of these children were eligible for Medicaid, they could not get examined by a physician because Carle and Christie refused to see them. Only after several weeks and after community volunteers stepped in did all the children receive their required examinations and vaccinations so they could return to school. As one area official put it: “There were about 160 kids at Central [Champaign Central High School] who were just sitting on the sidelines because they needed a tetanus shot. That just doesn’t make sense. The Medicaid kids couldn’t get appointments at Christie or Carle.”

65. Carle's and Christie's Agreement and policy of not accepting new Medicaid-eligible patients also has endangered many of Champaign County's premature babies (commonly called "preemies"). The Clinics have turned away preemies covered by Medicaid—despite the high risk of preemies developing serious conditions, such as cerebral palsy, anemia, blindness, deafness, and growth and developmental problems. Once the preemies have been released from the hospital, Carle and Christie have refused to provide the continued medical care the preemies need because of the Clinics' Medicaid policies. Carle and Christie have left preemies—perhaps the most vulnerable patients—without adequate access to medical care simply because they have Medicaid coverage.

66. A two-year-old fell behind in speech development because of the Clinics' Medicaid policies. Although a Christie physician delivered the child in January 2005, Christie refused to provide ongoing care because the child was covered by Medicaid. Carle, too, refused to treat him. As a result, the child suffered from chronic ear infections, which prevented him from hearing normally. By the time his mother found a physician willing to treat her son—two years later—the child was far behind in speech development.

67. In November 2006, an infant was delivered by a Carle physician and initially received treatment by a Carle pediatrician and other specialists in a neonatal intensive care unit because of the infant's poor heart condition. Once the infant was discharged, however, Carle refused to provide additional care because the child was covered by Medicaid.

68. In early 2007, Carle and Christie both refused to treat an infant covered by Medicaid. The infant's grandmother, who had temporary custody, worried that her

grandchild was having small seizures. The infant's grandmother sought treatment for the seizures, as well as a baby-wellness check-up, but both Carle and Christie turned her and her grandchild away.

Count I: Violation of Section 3(1) of the Illinois Antitrust Act

69. The preceding paragraphs are incorporated as if set forth herein.

70. Sections 3(1)(a) and (b) of the Illinois Antitrust Act, 740 ILCS 10/1 *et seq.*, make it illegal to:

Make any contract with, or engage in any combination or conspiracy with, any other person who is, or but for a prior agreement would be, a competitor of such person:

- a. for the purpose or with the effect of fixing, controlling, or maintaining the price or rate charged for any commodity sold or bought by the parties thereto, or the fee charged or paid for any service performed or received by the parties thereto;
- b. fixing, controlling, maintaining, limiting, or discontinuing the production, manufacture, mining, sale or supply of any commodity, or the sale or supply of any service, for the purpose or with the effect stated in paragraph a. of subsection (1).

71. During all relevant times, Carle and Christie have been competitors in primary care services in Champaign County.

72. From March 2003 through the present, Carle and Christie implemented their Agreement and limited the supply of their primary care services by refusing to accept new patients who are eligible for Medicaid.

73. The purpose of the unlawful Agreement between Carle and Christie was to fix, control, and raise the fees paid for services provided to Medicaid-eligible patients,

specifically to raise the Medicaid reimbursement rates and to accelerate Medicaid reimbursement payments.

74. The effect of the unlawful Agreement between Carle and Christie was to fix, control, and raise Medicaid reimbursement payments paid by the State of Illinois for treatment of Medicaid-eligible patients and to accelerate Medicaid reimbursement payments. The Clinics' Agreement contributed to the lack of access to primary care in Illinois. The State responded to the state-wide lack of access to primary care by implementing the Illinois Health Connect program, which offered additional and faster payments for treating Medicaid-eligible patients. Further, when Medicaid-eligible patients—unable to receive primary care from Carle or Christie—sought and received primary care in hospital emergency rooms, the State of Illinois typically paid higher reimbursement rates for that care than if the Clinics had provided that care in their physicians' offices.

75. The Agreement between Carle and Christie had the effect of fixing, controlling, and raising prices that Medicaid-eligible patients paid for primary care services. Some Medicaid-eligible patients paid for primary care themselves—instead of the State of Illinois reimbursing the Clinics under the Medicaid program—because the Clinics otherwise refused to treat them. Those Medicaid-eligible patients paid higher rates than they otherwise would have in the absence of Carle's and Christie's Agreement. Carle and Christie charged rates to these Medicaid-eligible patients that were higher than even those rates paid by private insurance companies.

76. Medicaid-eligible patients in Champaign County have suffered a deprivation of medical services and have been forced to incur higher costs for the medical

services they did obtain because of the Agreement between Carle and Christie and were thereby injured by reason of Carle's and Christie's violations of the Illinois Antitrust Act in an amount presently undetermined.

77. From about March 2003 through the present, Carle and Christie violated Section 3(1) of the Illinois Antitrust Act, 740 ILCS 10/3(1).

78. WHEREFORE, Plaintiff State of Illinois prays for judgment as follows:

- A. Declaring that the Agreement alleged herein be adjudged and decreed to be in violation of section 3(1) of the Illinois Antitrust Act, 740 ILCS 10/3(1);
- B. Against Defendants, jointly and severally, and awarding damages in favor of the State of Illinois for all overcharges paid by the State for medical services;
- C. Against Defendants, jointly and severally, and awarding damages in favor of the State of Illinois as *parens patriae* for damages suffered by Medicaid-eligible patients as a result of Defendants' illegal conduct;
- D. Awarding treble damages pursuant to 740 ILCS 10/7(2);
- E. Awarding civil penalties pursuant to 740 ILCS 10/7(4);
- F. Awarding injunctive relief to undo the effects of the Defendants' illegal conduct and to prevent further recurrences of such conduct;
- G. Awarding costs, disbursements, and reasonable attorneys fees pursuant to 740 ILCS 10/7; and
- H. Such other, further and different relief as the Court may deem just, necessary, or appropriate.

Count II: Violation of Section 3(2) of the Illinois Antitrust Act

79. The preceding paragraphs are incorporated as if set forth herein.

80. Section 3(2) of the Illinois Antitrust Act, 740 ILCS 10/1 *et seq.*, makes it illegal to "by contract, combination, or conspiracy with one or more other persons unreasonably restrain trade or commerce."

81. Carle and Christie entered into a contract, combination, or conspiracy—their Agreement—by jointly agreeing not to accept new patients eligible for Medicaid.

82. The Agreement between Carle and Christie not to accept new patients eligible for Medicaid unreasonably restrained trade and commerce by depriving those patients of otherwise available medical care.

83. From about March 2003 through the present, by jointly agreeing not to accept new patients who are eligible for Medicaid, Carle and Christie violated section 3(2) of the Illinois Antitrust Act, 740 ILCS 10/3(2).

84. WHEREFORE, Plaintiff State of Illinois prays for judgment as follows:

- A. Declaring that the Agreement alleged herein be adjudged and decreed to be an unreasonable restraint of trade in violation of section 3(2) of the Illinois Antitrust Act, 740 ILCS 10/3(2);
- B. Against Defendants, jointly and severally, and awarding damages in favor of the State of Illinois for all overcharges paid by the State for medical services;
- C. Against Defendants, jointly and severally, and awarding damages in favor of the State of Illinois as *parens patriae* for damages suffered by Medicaid-eligible patients as a result of Defendants' illegal conduct;
- D. Awarding treble damages pursuant to 740 ILCS 10/7(2);
- E. Awarding civil penalties pursuant to 740 ILCS 10/7(4);
- F. Awarding injunctive relief to undo the effects of the Defendants' illegal conduct and to prevent further recurrences of such conduct;
- G. Awarding costs, disbursements, and reasonable attorneys fees pursuant to 740 ILCS 10/7; and
- H. Such other, further and different relief as the Court may deem just, necessary, or appropriate.

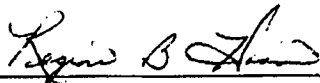
Jury Trial Demanded

The State of Illinois demands a trial by jury of all issues so triable in this cause.

Dated: February 19, 2008

Respectfully submitted,

THE STATE OF ILLINOIS,
by LISA MADIGAN, ATTORNEY
GENERAL OF ILLINOIS

By:  _____

Blake L. Harrop
Chadwick O. Brooker
Antitrust Bureau
Office of the Illinois Attorney General
100 W. Randolph Street, 13th Floor
Chicago, Illinois 60601
(312) 814-1004

Regina Haasis (#99000)
Regional Counsel
Office of the Illinois Attorney General
East Central Illinois Regional Office
1776 E. Washington St.
Urbana, Illinois 61802
(217) 278-3366

Certificate of Service

I, Regina Haasis, hereby certify that I caused to be served the People's First Amended Complaint by sending the same by U.S. mail on February 19, 2008, with postage prepaid to:

Mark E. Rust
Barnes & Thornburg LLP
1 North Wacker Drive, Suite 4400
Chicago, Illinois 60606-2833

Daniel R. Gravelyn
Barnes & Thornburg LLP
300 Ottawa Ave. N.W., Suite 500
Grand Rapids, Michigan 49503

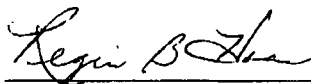
Marc J. Ansel
Law Office of Ansel & Small, Ltd.
41 E. University Avenue
Champaign, Illinois 61820

Counsel for Christie Clinic, P.C.

Keith E. Emmons
Meyer Capel
306 West Church Street
P.O. Box 6750
Champaign, Illinois 61826-6750

Richard H. Sanders
Gregory G. Wrobel
Michael J. Waters
Vedder, Price, Kaufman & Kammholz, P.C.
222 North LaSalle Street
Suite 2600
Chicago, Illinois 60601-1003

Counsel for Carle Clinic Ass'n, P.C.



Regina Haasis
Regional Counsel