

Health Care Stories That'll Make You Sick

Posted by [Brad Tuttle](#) Wednesday, November 10, 2010 at 12:22 pm

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Blue Cross launched an aggressive multi-prong attack to kill cost-cutting moves in Michigan.

[USA Today](#) describes how Ford entered an agreement with a physical therapy operation called TheraMatrix as a way to cut health care costs for Ford employees. The strategy worked, cutting Ford's physical therapy costs roughly in half. Blue Cross and many hospitals were losing money due to the arrangement, so they joined forces to stop TheraMatrix from expanding to other companies by kicking TheraMatrix out of Blue Cross's provider network and threatening that hospital discounts could be revoked for companies using TheraMatrix. A Blue Cross executive explained that the insurer took action because TheraMatrix's operation was "competitive and damaging not only to BCBSM's financial interests, but also to its business relationships."

How dare TheraMatrix try to be competitive! Don't they understand that's not how things are supposed to work?

The court system is now involved, of course. A Michigan jury awarded TheraMatrix \$4.5 million in July, and the decision is being appealed by Blue Cross, which swears it wasn't trying to kill off TheraMatrix:

"The picture that they're trying to paint is the big whatever giant with a chainsaw in his hand coming down on the little guy," Jeffrey Rumley, Blue Cross' general counsel, told USA TODAY. "I just don't buy into that too easily."

Well, you're getting paid to argue for Blue Cross, so I'd hope not. I, personally, buy into that picture pretty easily. Blue Cross was trying to kill the competition to boost its profits. Standard business practice. Only when it comes to health insurance, that "big whatever giant" is basically taking a chainsaw to all of us little guys—to everybody who is subject to the nonstop runaway increase in medical costs. As USA Today notes, this confrontation is just one example of the kind of tactics employed by the health industry's interested parties, and why it's so difficult to cut costs for patients.

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