

## Jury: Michigan BCBS Must Pay \$4.5 Million to Physical Therapy Firm

A Michigan state court jury found that Blue Cross Blue Shield of Michigan must pay \$4.5 million to an outpatient physical therapy company that alleged the state's largest health insurer tried to run it out of business.

An Oakland County Circuit Court jury found the Michigan Blues breached its contract with TheraMatrix Physical Therapy because of a program TheraMatrix had with Ford Motor Co., and the Blues interfered with its business relationship with Chrysler Motor Co.

TheraMatrix, which provides cost-savings programs to Fortune 100 customers, sued the health insurer in 2008 for breach of contract and interference in its contractual relationship in physical therapy services provided to Ford workers and a similar contract it sought with Chrysler.

Helen Stojic, a spokeswoman for the nonprofit Blue Cross Blue Shield of Michigan, said the company is disappointed with decision because "it isn't a reflection of the facts of the case."

"This was simply a business dispute" and was not a conspiracy or any of the other allegations TheraMatrix made, she said. The company is reviewing for grounds for appeal, Stojic said.

TheraMatrix's program saved Ford "millions of dollars" each year on small, outpatient physical therapy services for what they were paying prior under Blue Cross, said Robert Read, president and chief operating officer of the Pontiac, Mich.-based TheraMatrix.

Blue Cross Blue Shield threatened Ford and Chrysler that if they adopted the TheraMatrix "carve-out" model, they would lose millions in hospital discounts, Read said.

The program saved money "so they tried to put us out of business," he said. The company's program involves a national network of outpatient physical therapy providers in which TheraMatrix oversees utilization management and costs, Read said. It has 13 of the nearly 2,000 network providers under contract, he said.

According to TheraMatrix, the jury acknowledged the health insurer used anti-competitive practices and the trial proved that when it presented the program to save millions at Ford, Blue Cross Blue Shield breached the contract and then tried to put it out of business to avoid further competition.

Blue Cross Blue Shield terminated TheraMatrix as a participating provider for its health plans in Michigan and then sent letters to insurance agents, doctors and companies saying TheraMatrix was no longer a provider but didn't tell them why, Read said.

That "influences all doctors and companies not to do business with us," he said.

The court decision doesn't affect the company's physical therapy network as this was one physical therapy provider, Stojic said. "We will continue to include thousands of physical therapists around the state in our networks and we remain committed to our mission to promote cost effective, quality physical therapy."

The jury awarded TheraMatrix \$4.1 million on the breach of contract claim and about \$450,000 for the tortious interference claim.

Blue Cross Blue Shield said the original claims TheraMatrix filed sought more than \$35 million in damages and included several other assertions. The other claims were dismissed before the case reached trial, the health insurer said.

Blue Cross Blue Shield of Michigan currently has a Best's Financial Strength Rating of A- (Excellent).

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