

## Private Practice

### *Private Practice Premonitions, the Sequel*

By Michael Weiner, MPH, PT

In 2000, I wrote "Premonitions for Private Practice" on the trends, both positive and negative, most likely to affect the future of private therapy practices. Now that we have reached 2004, it is a good time to reexamine these trends, and determine those that will significantly impact the private practitioner in the years to come.

### **Baby Boomers and seniors**

The demand for rehabilitation services will remain strong as large numbers of Baby Boomers require the tools to stay fit and active: sports and fitness clinics, and therapy to help them recover from injuries and age-related illnesses and to maintain mobility despite chronic conditions.

This demand will also be fueled by the needs of employers, who saw health insurance premiums climb almost 14% this year,<sup>1</sup> and who will be pressed to come up with programs and services to help older employees remain healthy and productive. Rising health costs and workers' compensation costs will drive their interest in solutions that can lower inpatient hospital stays, disability costs, and time off from work.

Fighting the obesity epidemic will be a major priority for all ages, but particularly for the aging Boomer with the "last chance" to avoid age- and obesity-related illnesses. More than 60% of Americans are considered overweight or obese, according to the Centers for Disease Control and Prevention, and savvy practitioners will capitalize on that fact by designing customized weight management and exercise programs for their patients.

As Americans enter their "golden years," they will cling to their independence. Fitness and exercise will be the keys to independent living, and seniors will be more willing to pay out of pocket for these services to stay capable of living on their own. The over-65 group has more disposable income per capita than any other group and may continue to pay for therapy services even after they hit a Medicare cap.

Also important to seniors will be achieving as full a recovery as possible from diseases associated with aging, such as heart disease, cancer, stroke, and diabetes. Today, patients over 50 are using more health care services than in the past, so although reimbursement may be less than it was, patient volume is greater. Private practitioners will be busier than ever catering to the "silver collar" crowd, specializing in geriatric conditions such as osteoporosis, incontinence, and balance disorders. More therapists are starting wellness programs for seniors, eg, "Fit At 50+" in which former patients can continue to exercise in a comfortable environment where they are carefully supervised by therapists who understand their conditions and limitations.

### **Workers' Comp and jobs**

Insurers and employers across the country are looking for solutions to workers' compensation costs that are soaring out of control. Nationwide, the average cost of workers' compensation rose 50% in the last 3 years,<sup>2</sup> and practitioners who can help payors achieve better outcomes, faster return-to-work, and improved cost control will be in tremendous demand.

While establishing medical fee schedules for all parts of the workers' compensation system will help to contain costs, there must be new standards for utilization of services to produce the desired outcomes. It will become necessary to change the way medical care is delivered and make providers accountable for that care. Providers who deliver more functional improvement per dollar spent and achieve high satisfaction ratings from patients will succeed in the workers' compensation arena.

There may be renewed emphasis on occupational rehabilitation services that focus on injury prevention, such as preplacement screenings and ergonomic check-ups, as well as more employer interest in on-site physical therapy for factories, warehouses, and large companies.

The aging of the profession plus the steady demand for services will create a viable job market for therapists. Those entering the field today are having an easier time finding jobs than did their predecessors, and the need for therapists will increase over the next 10 to 15



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years as a large number of practitioners hit retirement age. If the demand is not met, there will be more use of supportive personnel, such as physical therapist assistants, and the therapist will take on the role of an evaluator and overseer of patient care, becoming less involved with direct treatment. The supply/demand equation is a double-edged sword: if there are not enough therapists, those aging Baby Boomers will seek out other health care providers, such as exercise physiologists, massage therapists, athletic trainers, and holistic healers, to help them stay young.

Now that a doctorate of physical therapy is being offered at many universities, more therapists will go back to school to earn DPTs, at least part-time, with the goal of gaining more credibility and a competitive edge in the marketplace. At this point a higher degree does not mean higher wages because reimbursement is the same for a DPT as for an MPT. Future PTs may be at the doctorate level exclusively, requiring 3 to 4 postgraduate years. The American Physical Therapy Association (APTA) has accomplished its goal of all physical therapy programs being at a master's level or greater, thus raising the educational bar to the next level.

The doctorate degree is advantageous for therapists because it gives them prestige and authority in the eyes of referring physicians, as well as patients, who may tend to choose the DPT over the MPT.

### **High Tech Promotes High Touch**

Business practices will be influenced by a combination of the Internet and technology as the need to encode data and transfer patient information electronically becomes more important than ever to comply with HIPAA and other regulations. The Internet has become indispensable for private practices, most of which will have their own Web sites, and its use will go beyond electronic billing, eligibility, and authorization processes. In the not distant future, there will be a global medical record for each patient that would allow for easier communication between providers, giving them a better history of the patient's illnesses.

The Internet will impact patient care and compliance; for example, patients can go online while using an orthotic device that would give therapists a computerized view of their progress on home knee exercises, including measurements of force, motion, and repetitions. This innovation would act as a sentinel effect for the patient, like having a therapist on his or her shoulder.

### **Boutique Practices Flourish**

Therapists will specialize in treating certain diseases or demographics, and may elect to forego certain types of reimbursement in favor of others. Therapists who specialize in women's health or geriatrics, for example, may say "no" to managed care and Medicare, and instead say to patients, "I'm good, these are my specializations, and if you want to see me, you'll have to pay cash." Boutique practices will meet the needs of people with discretionary income who can simply say, "I want these services whether or not insurance will pay for them." Booming niche practices run the gamut from lymphedema treatment to Pilates and yoga classes, to golf programs and athletic conditioning for adolescents.

### **Direct Access and POPTS**

Most states will pass direct access legislation allowing patients to select and see therapists without physician referrals. With consumers more in charge of their own health care, therapists may need to focus on consumer marketing to increase business volume.

The spread of direct access may also change the therapist's role to more of that of a diagnostician. The impact of direct access coupled with increased responsibility will make the therapist a referral source for the physician, rather than the other way around. In such a scenario, there will be increased liability for therapists taking on these responsibilities, causing their malpractice rates to go up, eg, if a PT misdiagnoses and treats a patient for backache when the patient has a tumor.

Therapists will also have to market their services more directly to patients and payors to overcome the threat of physician-owned physical therapy services (POPTS), which are becoming more prevalent in many states as more physicians add rehabilitation services to their practices to supplement their incomes. POPTS pose a threat to independent rehabilitation providers because physicians who own rehabilitation clinics simply refer their patients in-house, so therapists in other settings never have an opportunity to see those patients.

POPTS generate more utilization and higher charges per patient than do independent rehabilitation practitioners. Visits per patient were 39% to 45% higher in joint ventures, and both gross and net revenue per patient were 30% to 40% higher in facilities owned by referring physicians, according to a study in the Journal of the American Medical Association.<sup>3</sup> One solution to POPTS lies in direct access, so that

patients—not physicians—control referrals. For patients to become active and appropriate decision-makers in this regard, they will need information and education—and PTs in private practice will have to exercise the leadership and make the investment to provide this information.

Therapists in states without direct access need to lobby their state legislators and become involved in political action committees (PACs) through the APTA or their state associations. Payors need to understand that they would immediately save money if underwriting laws are changed to make physical therapy a covered benefit only when provided by PTs in independent settings or in hospital-based practices.

### **Decline of Corporate Consolidation**

In the aftermath of the HealthSouth scandal, “brick and mortar” corporate competitors may lose ground in the marketplace, especially as they find they cannot provide adequate services for the low rates at which they have gained market share. The advantages of the private practitioner—integrity, efficiency, and quality—will look more attractive by comparison. Payors are finding that the private practice clinic is the most cost-effective venue in which patients can receive care. More practices are being sold to other private practitioners, or to those already in the rehabilitation field who are entering private practice, than to corporations. Other practices are consolidating to benefit from economies of scale by sharing facilities, staff, billing, and collections, or joining forces to buy products. Start-ups are not as common as 5 years ago because they are costly and there are few how-to classes, although the Private Practice Section (PPS) of the APTA is now offering more courses in that area. Therapists just starting out often have difficulty getting into the managed care arena, and those that join rehabilitation networks will gain access to more payor contracts, patients, and revenues than they would on their own.

### **Rise of Pay-for-Performance**

Rising health care costs are putting pressure on all sectors, fueling a pay-for-performance mechanism based on outcomes and patient satisfaction. Pay-for-performance as a methodology to incentivize providers will emerge as consumer and payor interest in quality health care grows, forcing a shift from HMOs to PPOs and other health plans with more choice, eg, consumer-driven health care, which puts more discretionary funds into consumer hands.

Some insurance companies may structure a bonus payment as a function of how well a provider is performing, and payors may select providers who can demonstrate the quality of their treatment. Because quality encompasses the process of treatment, as well as its outcome, some insurers are beginning to focus on patient satisfaction: Did the patient have to wait to get an appointment? Were their questions answered? Was enough time spent with them?

The future holds an abundance of opportunities for rehabilitation practitioners to expand their practices and their profitability. Those who are knowledgeable about the dynamics of the marketplace and able to meet the demands for their services by delivering innovative, cost-efficient, and quality health care will be most likely to prosper in the coming years. ®

### **References**

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