




# The Evolution Cash-Pay Business

## What Lies Ahead for Private P

BY MICHAEL WEINPER, PT, DPT, MPH

**EXECUTIVE SUMMARY:** With physical therapists quickly moving to the forefront of postrehabilitation and postinsurance wellness, fitness, and prevention services, so is the need to offer cash-pay programs.

THE PHYSICAL THERAPY PROFESSION IS PAYING MORE attention to the need for physical therapists (PTs) to position themselves as providers of choice, not only for traditional therapy but also for postrehabilitation, postinsurance wellness, fitness, and prevention services.

APTA's "Move Forward" campaign, the Vision 2020 initiative, and the Code of Ethics each include a focus on wellness and prevention, as do many state physical therapy practice acts. That focus is likely to increase with the Patient Protection and Affordable Care Act (PPACA), which calls for a national prevention

strategy and grant money for small businesses to implement workplace wellness programs.

### Why Should PTs Add Cash-pay Services?

In the past 5 years, a number of trends make it more important than ever for private practitioners to add or expand their cash-pay services.

- **Patients with high deductibles and copayments are setting limits on how much they spend for therapy.** With deductibles as high as \$3,000 and copayments that have increased from \$5 to \$50, some people are trying to save money by seeking less care, which means fewer visits per patient and less insurance payment for PTs. PTs need other revenue streams, such as cash-pay wellness programs.
- **With more physicians opening their own physical therapy clinics, private practitioners are losing some**

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# of the Cash Model Practitioners?

**referral business.** Independent PTs with cash-pay services can keep their volume at a higher level and decrease their dependence on physician referrals.

- **Patients trust their PTs to decide what to do after rehabilitation.** According to consumer research we have commissioned, 90% of consumers believe that physical therapy has developed programs to improve flexibility and mobility, and 62% believe that physical therapy has developed programs for healthy aging. Because our patients believe in us, it behooves us to show them that we care not only about returning them to function or movement after injury or illness, but also about keeping them healthy for the long term.
- **The demand for preventive care will grow because it is less expensive, in the long term, than treatment for**

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**illnesses and injuries.** People are beginning to realize that paying cash to stay well may help them avoid high out-of-pocket expenses for illness later.

- **Wellness can be a revenue center in itself.** PTs began looking at wellness as a postrehabilitation transition, a proposition for converting existing patients into clients. Increasingly, PTs are considering wellness services as something that actually feeds the traditional side of their practices. For example, people may initially come to the clinic for fitness classes, but when they have an illness or injury requiring physical therapy, they tend to come to the clinic for treatment because they have already developed a relationship with the PT.

### Take Advantage of Marketplace Opportunities

Many newer PTs view cash-pay business as “part and parcel” of their general practice. Yet some long-time PTs resist it because they are not accustomed to being wellness-oriented and are comfortable only with treatment covered by insurance reimbursement. They do not recognize the opportunities that wellness programs represent. However, people are willing to pay their medical providers for nonreimbursable services and products, such as teeth whitening from dentists and wrinkle fillers from dermatologists.

When PTs are ready to evaluate cash-pay services, they can determine what people want by researching the health-related businesses popping up in their communities. For instance, the fastest-growing franchise in the country is Massage Envy. Why? Because people want to feel good, and they are willing to pay cash for it. A physical therapy practice could easily offer that kind of experience for people who want to buy 5 massages for \$XX, in existing space without additional equipment, by adding a massage therapist to your staff. Conversely, if the community already has a surplus of massage services, this would not be the best choice as the first cash-pay service to offer. The best strategy is to discover the unmet need, and then develop the services to fill it.

### What Works?

From our members' experiences venturing into health and fitness services over the past 5 years, we have seen that taking “baby steps” works best for PTs. Avoid investing too much money at the outset and start by offering a senior fitness program or selling inexpensive products such as exercise bands, orthotics, or heart rate monitors. People will buy these things from PTs because they know they need to do something to stay fit, but may not know where to turn. Their PTs can offer the answer, and the PTs' wellness practices can grow beyond their

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patient clientele by word of mouth. Here are some other suggestions for PTs who may be thinking of starting wellness services:

- Take advantage of resources such as the American Physical Therapy Association for support, education, training, and even some financial breaks in purchasing programs and products.
- Market cash-pay services inexpensively through the clinic's website, social media, or Facebook page to announce programs.
- Offer patients incentives: "Bring in a friend, and we will give you 2 fitness classes for the price of 1."
- Use Groupon or other social media coupon sites to publicize services.

Although PTs may not take in as much dollar-wise from some of these wellness services, the profit margins are so much higher that they contribute more to the bottom line than do reimbursable PT services.

### And What Doesn't Work?

Wellness programs will not get off to a good start if PTs do not perform a simple market analysis of their community. For example, if there are many Pilates studios in the neighborhood, another one will not be the answer. If a PT clinic is in a community with mostly seniors, then do not start a sports-specific program for children. Some programs will not work with certain demographics financially. If PTs are in a region with high unemployment, they should not spend thousands of dollars on exercise stations that will not attract enough people to come in for one-on-one training.

The bottom line for PTs to succeed is to do some networking and find out what wellness services their community—and their patients—want and need. Then they can begin with a small investment and expand their services when they see a return. ■

*Michael Weinper, PT, DPT, MPH, is a PPS member and president of PTPN. He can be reached at [mweinper@ptpn.com](mailto:mweinper@ptpn.com).*

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