

Understanding the Outpatient Orthopedic Physical Therapy Marketplace

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As patient financial responsibility continues to rise, now more than ever consumers in the health care market are looking for the best value for their dollars spent on physical therapy.

Outpatient orthopedic physical therapy is a sub-specialty within the profession that also includes care for pediatrics, geriatrics, neurological problems, acute care, sub-acute care, and others.

Outpatient orthopedic physical therapy is an ever-changing specialty in mainstream medicine with highly trained professionals delivering care for a wide spectrum of physical ailments.

In most outpatient orthopedic physical therapy settings the physical therapist will assist patients with musculoskeletal problems that are impairing function with daily activities and/or sports performance. Therapists in this setting may have a wide range of years of experience and specialties, hold various board certifications, and are sometimes involved in mentorships and fellowship training. Because of the growing research in the field over the past 20 years, outpatient orthopedic physical therapy has been transformed into an evidence-based profession where trained therapists have a system for best practice.

Physical Therapy has been proven through research to delay or prevent costly orthopedic surgeries.

Understanding the differences in the marketplace and amongst therapists is key to efficiently returning to active lifestyle and healing your physical ailments in a cost-effective manner. The variability that exists in outpatient orthopedic physical therapy cannot be understated and should be part of the consumer's decision-making process when deciding who should be providing their care.

Types of outpatient physical therapy settings

Physician-owned physical therapy services

Many outpatient orthopedic physical therapy groups are owned and controlled by physician groups. The intent of services provided is an integrated approach where the physician and therapist work together to co-treat the patient "under one roof."

This approach has been successful under the right circumstances. The physical therapy delivered in this setting is usually streamlined and often involves the least amount of hands on care where college aged techs perform a significant portion of the work.

A typical number of patients seen by each therapist in this setting in a regular 8-hour day is approximately 20-25.

The average amount of hands on time with the PT is 15 minutes (or less). The duration of care is typically 16+ total visits.

Insurance companies reimburse procedure codes in a physician-owned center roughly 1.5-2x's more than in non physician-owned centers, making them extremely profitable.

The following is a literature review of Physician owned practices:

-Up to 45% more visits for the same diagnosis in Physician owned practices.

-30-40% greater cost per patient in physician owned practice. (Mitchell, J. et al. JAMA. 1992)

-Authors note greater use of PT care extenders (PTA, aides, techs) increased visits and cost vs. use of PT alone. (Resnik, L. et. Al. Health Res ED Trust. 2006)

-Clinics using only PT demonstrate superior outcomes to those using more care extenders. (Resnik, L. et al. Phys Ther. 2011)

-Patients referred by MD who had a their own practice were twice as likely to be referred to PT, Received a higher % of passive care inconsistent with the medical literature, incurred 35% greater cost due to incident to billing. (Mitchell, J. Physician self-referral of PT services. 2015)

In-network corporate physical therapy

Around 2010, physical therapy performed in an “in-network” setting was consistently profitable if the practice was well managed.

Because of declining reimbursement by insurance companies and an increase in physician-owned centers, survival in the “in-network” marketplace has been challenged significantly.

Many companies in the corporate PT world have hired business consultants to create important metrics in order to keep their centers profitable. These metrics include setting visit goals for their therapists and incentivizing them by seeing more patients.

In order to keep payroll expenses down, these businesses generally heavily recruit new graduates who they can pay less and incentivize with signing bonuses, residency programs, and student loan assistance with a multi-year commitment.

A typical number of patients seen by each therapist in this setting in a regular 8-hour day is approximately 16-20+.

The average amount of hands on time with the PT is 20 minutes with the duration of care typically 12-16 total visits.

Physical therapists in this setting are usually training for or have obtained some type of advanced certification and may be involved in a residency program offered by their company. It is very common to have college-aged techs to assist with care in this setting particularly in high volume clinics.

The owners of these clinics can range from non-clinical physical therapists to hedge funds.

In-network privately owned physical therapy

Once the gold standard for outpatient physical therapy, declining reimbursement has made this setting the most endangered.

Many privately owned physical therapy groups have either sold their practices to corporate firms or have just shut their doors. Other very well run privately owned “in-network” physical therapy centers have evolved by offering cash pay services or finding their niche in the market. Declining reimbursement has made it virtually impossible to budget these businesses because of the variability that exists each year in income dictated by insurance companies.

Many physical therapists in this setting are leaders in their field and have advanced certifications with 5+ years experience.

A typical number of patients seen by each therapist in this setting in a regular 8-hour day is approximately 12-16.

The average amount of hands on time with the physical therapist is 15-30 minutes, depending on the company. The duration of care is typically 10-12 total visits.

Out-of-network physical therapy

Many seasoned physical therapists who have established a reputation in the “in-network” privately owned world have increasingly moved into an “out-of-network” model of physical therapy so that they can continue to practice in a way that is in line with their advanced training, values, and desires for patient care.

This model eliminates the pressures created by the insurance companies and corporate metrics to see more patients. It also allows the physical therapist to provide skilled care in the unhurried environment that used to exist in the “in-network” setting.

Most physical therapists in this setting are leaders in their field and have advanced certifications and training. Many therapists have 10+years experience and participate in mentoring and training new graduates.

Physical Therapists in this model typically have strong relationships with physicians that are like-minded.

This model rarely incorporates techs and the services are provided almost exclusively by the physical therapist.

A typical number of patients seen by each therapist in this setting in a regular 8-hour day is 6-8.

The average amount of hands on time with the PT is 45-60 minutes and the duration of care is usually the shortest at less than 10 visits.

Patient responsibility is increased in this model as patients are required to pay upfront and get reimbursed per their “out-of-network” benefits. With deductibles and co-pays increasing each year, this model is becoming more and more attractive to patients since they will be paying for the services regardless of whether the provider is “in- or out-of-network,” while at the same time getting 2-3 times more hands on care with an expert physical therapist.

Summary

Because of the variability that exist in outpatient orthopedic physical therapy, it is important that patients evaluate their options before choosing who is the best providers for their care and recovery. It is encouraged that patients interview their providers prior to initiating a physical therapy program

The table below breaks down the various options available in outpatient orthopedic physical therapy.

	Physician-owned	In-network corporate	In-network private	Out-of-network private
Avg. Patients seen per day per PT	20-25	16-20+	10-16	6-8
Avg. time of hands-on care	<15 minutes	~20 minutes	15-30 minutes	45-60 minutes
Techs used	Yes-much of the treatment	Yes-some of the treatment	Maybe-some to minimal amount of the treatment	Rare
Level of expertise of PT	Variable	<5 years experience is common	> 5 years experience is common. Commonly Industry leaders	> 10 years experience is common. Commonly Industry leaders
Duration of care	16+ visits	12-16 visits	10-12 visits	<10 visits

(total visits)				
Patient financial responsibility	Copay and deductible	Copay and deductible	Copay and deductible	Patient pays upfront/ is reimbursed with out-of-network benefits (if available)