

Eli's Rehab Report

News Briefs: Corporate: U.S. Physical Therapy Adds a 'Star' to Its Mix

Houston-- U.S. Physical Therapy is right on track with its goal of expanding its network of facilities. The corporate rehab powerhouse announced Sept. 7 that it had acquired a majority interest in STAR Physical Therapy, which owns and operates 52 outpatient physical and occupational therapy clinics and manages seven other facilities for third parties, according to a press release.

U.S. Physical Therapy also added STAR founder Regg Swanson to its board of directors. "We look forward to supporting them [Swanson and STAR's team of partners] in their continued growth as we work to expand U.S. Physical Therapy's current base of 348 facilities in 42 states," said U.S. Physical Therapy CEO **Chris Reading**.

The numbers: In the calendar year ended Dec. 31, 2006, STAR produced about \$26.5 million in total net revenue, had 268,000 patient visits and reported an average net rate per visit of \$89.47, according to the press statement. Total net revenue for the first six months in 2007 was \$15.1 million with 155,000 patient visits and an average net rate per visit of \$89.41. STAR's current payer mix is about 58 percent private insurance, 20 percent workers' compensation, 19 percent Medicare, and 3 percent other.

"Because of the size and materiality of this acquisition, management is giving guidance that U.S. Physical Therapy's net earnings are expected to be in the range of \$8.2 million to \$8.7 million in 2007 and \$9.9 million to \$10.6 million in 2008," said U.S. Physical Therapy CFO **Larry McAfee**. That is, assuming Medicare reimbursement for outpatient physical therapy remains unchanged in 2008, he added.