

Eli's Rehab Report

NEWS BRIEFS ~ U.S. Physical Therapy to Close 26 Clinics

Due to lack of profitability, U.S. Physical Therapy Inc., a national operator of physical and occupational therapy outpatient clinics, has announced that it will close 26 clinics in 13 states.

Through July, these 26 clinics saw on average six patients per day per clinic, as compared to an average of more than 19 patients per day per clinic for the rest of U.S. Physical Therapy's 277 facilities, the company said in a press release.

"After extensive analysis, we have made the decision to close our smallest, low-patient-volume, clinics. Many of these clinics are located in markets we do not feel can support an acceptable level of patient volume and profitability. As a result of these closures, we will focus our resources on facilities, and within markets, where we believe growth opportunities continue to exist," said CEO **Chris Reading**.

"The clinics to be closed generated less than \$1.9 million in revenue in the first half of 2006. These clinics incurred losses, before management fees or corporate overhead allocation, totaling approximately \$440,000 after taxes during the six-month period. Most of the locations are older non-partnership facilities," said CFO **Larry McAfee**.

U.S. Physical Therapy has also reduced its corporate staff by 19 positions. Annual savings from this is projected to exceed \$600,000 after taxes. Through the six months ended June 30, 2006, U.S. Physical Therapy reported revenues of \$70.4 million and net income of \$3.6 million or 30 cents in earnings per diluted share.