

## Eli's Rehab Report

### Practice Pointers: Don't Give up in the face of Per-Diem Reimbursement

#### 4 tips uncover some hidden cash-saving options

Therapy providers across the country are starting to lose hope over whether they can afford to run their practices, thanks to decreased reimbursement and multiple payment caps, such as per-diem reimbursement.

**Case in point:** In New Jersey, Horizon Blue Cross and Blue Shield caps a physical therapy visit at \$58 per day, says **Ken Maily**, with Maily & Inglett Consulting in Wayne, N.J. "On top of that cap, therapists are also limited to being reimbursed for three modalities per visit," never mind the stipulation of having to follow the payer's CPT fee schedule, he says.

But before you cash in your chips, you have a few options. First, see the last issue of Physical Medicine & Rehab Coding Alert for more information on United Health Group subsidiary ACN's new per-diem fee schedules and how to fight against them. And read on for some cost-saving tips.

#### 1. Downsize Your Practice

Your first step should be to try to renegotiate your contracts. But if you have little luck, you may be faced with the painful decision to drop your worst contracts and downsize.

Many therapists, especially new practice owners, balk at this idea, knowing they would be losing referrals, but the truth is you could lose more money by keeping a bad contract and spending more unpaid time on more patients. Simply put, "you can't take a contract and accept less money than your cost to provide services," says **Barry Inglett, PT, CHT, Cert. MDT**, owner of Wayne Physical Therapy & Spine Center in Wayne, N.J.

**Tip:** If you've dropped enough contracts to considerably downsize your practice, don't forget to consider your overhead costs. "I'll drop contracts and go to a smaller practice, but unfortunately I'll still have a big facility I have to pay rent for, so when my lease is up, I'm going to downsize," Inglett says.

#### 2. Be Creative With Your Staff

Start thinking of ways you can make your non-clinical staff super-efficient if you must downsize.

**Example:** "We've always cross-trained everyone as a 'utility' person," and their job descriptions indicate that they have multiple responsibilities, says Doug Sparks, owner of Advanced Physical Therapy Concepts (APTC), a Houston-based firm that consults and partners with other PT companies. This means the tech may also interchange as a receptionist, record puller, laundry person, scheduler or charge poster. "Downsizing is painful, but so is the consequence of not adapting," Sparks says.

#### 3. Try a 'Capacity Model'

The reality is you may still be left with some not-so-perfect options after you've ditched your worst contracts. If so, try what Sparks calls the "Capacity Model." This means examining your expenses and staff against the number of patients you can see per day and projecting your income. "Any number below capacity is what I call the 'Capacity Gap,' which is

where I would want to place those patients from lower-reimbursement contracts," Sparks says.

**Example:** "If my capacity is 24 patients per day and I'm seeing 15, I'm losing money and can fill that 'gap,'" Sparks says.

Just make sure you have the staff and resources available to support extra visits and to offer those patients the appropriate care.

#### **4. Market Like Crazy**

Although this tip may sound obvious, it's extremely important and often overlooked. Show area physicians your strengths as well as programs and services your competition doesn't offer, Sparks says.

**Critical:** Even more important, get the word out to patients that yours is the best facility in town. You may even play up your cash-based services.

But one thing to note (and that you should aim to change) is that "most people can't differentiate between a good and a bad PT," Inglett says. Even worse, "patients will accept what the insurance companies say and limp off into the sunset," he says.

**Solution:** Inform your patients about the current insurance snafus that keep you from getting paid -- and keep them from getting the best care at a reasonable price. "We effectively tried to keep patients out of the loop, but I've decided to change that," Inglett says. He tells patients that physical therapy is their benefit, offers to give them what he can to resolve their problem and suggests they communicate directly with the insurance company.

**Bottom line:** An enlightened patient with ammunition of his own physical well-being will have more influence on an insurance company than an unhappy provider.