

Eli's Rehab Report

Want to open your own private rehab practice? Don't do these 6 things

Don't underestimate the challenge of referrals.

Many rehab therapists who want to open their own practice tend to think: "If I build it, they (patients) will come." But nothing could be further from the truth. Avoid messy financial situations and ensure you provide the highest quality of care by avoiding this mindset and six other costly mistakes.

Therapists will have much more success in opening their own practice if they use a methodical and data-driven approach, says **Lynn Steffes, MD, PT**, nationwide consultant for rehab providers. If you're considering owning your own rehab practice one day, avoid these five mistakes that Steffes sees all the time:

1. Lack of research. One of the biggest mistakes that providers make is not doing enough research on where they're locating their practice. Steffes says, "They may locate in an area with high competition, an area that does not have the right demographic mix for their services, or an area that is too expensive." What's the remedy? Get informed.

Steffes recommends conducting Google searches using these keywords: "Physical therapy practice in [your city of choice]." Go to your competitors' websites and review their services and the language they use to engage patients. Pay attention to the related search terms that come up on the results pages of your search to see what kinds of questions your patients are asking.

Steffes also recommends researching U.S. census.gov website for demographic information about your practice's potential location. You can also research the website of your city's Chamber of Commerce to get a description of the community you're considering. And don't forget to research information on the cost of living and running a business there, such as costs per square foot in different rental spaces.

Even if you live in the community in which you'd like to open your practice, you still need to conduct market research. Steffes warns that your perspective of your community is skewed. Put yourself in your patients' shoes. What is it like for your patients to live there? What are the socioeconomic factors that affect your patients that don't affect you?

Inside tip: Private practices opening up in underserved regions, such as rural areas, tend to do very well, Steffes says. Providers will find that the 3rd party payment is healthier because they are really needed in that area. They'll find also that their cost per square foot is lower and their ability to network and get to know the community if they live there is very strong.

The downside? It's harder to grow your practice in these areas because it's harder to hire staff willing to work there. Study the demographics and see if the population is growing or shrinking.

2. Underestimating the challenge of getting referrals. Providers cannot afford to lean on the "If I build it, they will come" mindset. Steffes stresses that in order to stay in business, providers must be willing to go out and get referrals. What does that look like? Steffes advises providers to embed themselves in their community, establish a social media presence, and build relationships with people and small businesses.

Steffes also suggests that providers breaking into a community work for an established rehab practice that may be looking to transition ownership or embed their practice into a wellness business, such as a gym or spa, to create connections with patients and build their referral community.

3. Overlooking the warm handoff. Providers set on opening their own practice may overlook the opportunity that established private practices offer. Those practice owners are aging out and are looking for an opportunity to sell their practice or bring someone on who will acquire their practice over time where their legacy is sustained.

"A lot of new practice owners think they'll hang a new shingle," says Steffes, "but they should consider stepping into a quality practice that is already out there. There are financial benefits for the new owner." Steffes has been involved in six warm handoffs of smaller practices to new owners and "they've gone really well," she says.

4. Lack of clarity. Being an entrepreneur in any industry is hard. New practice owners face emotional and financial stress. That's why Steffes makes sure her clients create hard and soft metrics and revisit them often to get them through the hard times. A hard metric refers to their desired amount of monthly revenue, the number of patient visits they want to have per week, the number of new patients they need to get, etc. Soft metrics refer to the way that providers want to deliver care, how they want their daily schedules to look, and any forms of internal gratification they want to gain.

To form these metrics, Steffes asks her clients about their vision for their lives. For example, what do you want your daily schedule to look like? Do you want to be home when your kids get off of the bus? Will you have a crisis if you miss a basketball game? Then she has clients take a realistic snapshot of their financial situation to help them determine how much money they need to make to stay in business and be comfortable. When fear, self-doubt, and stress come up, she reminds patients of their metrics and helps them get back on track.

5. Zero support. New practice owners will fare much better in business if they connect with other practice owners. Steffes recommends that providers join local small business and rehab associations, read industry publications (even venturing beyond the field of rehab), and network online. When providers form their own "cheer squad," as Steffes puts it, they'll get the ideas and support they need to keep going.

6. Sticking your head in the sand. No provider should ignore the changing regulatory environment of rehab. But new practice owners especially cannot afford to stick their heads in the sand. With the rising cost of copays, patients can come to rehab, but can't afford all of the typically recommended 7-10 visits. According to Steffes, the question that providers now need to ask themselves is: How can I help my patients make the most progress in a small number of visits?

Providers also need to be very proactive about attracting new patients, as they need more referrals to generate the same number of visits. Finally, the new three-tiered CPT coding system that requires providers to report on the complexity of their patients means they must focus on administering individualized, thorough care, as opposed to volume care.

Opening a successful rehab practice, one that thrives financially and provides high-quality care, is possible. But it requires careful, data-driven decision making.