



Rehab Services

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Physical Therapy Management

October 5, 2018

REGULATORY UPDATE

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Cary Edgar

PT Management Support



Therapy Cap

- Repealed as of 1/1/18
- Still need to use KX modifier for payments over \$2,010
 - PT/SP still combined and separate from OT
 - KX=therapist confirms medical necessity

PTA/COTA Payments

- Starting in 2022, PTA/COTA paid at 85% of fee schedule
- Starting in 2020, following modifiers required:
 - GP=PT
 - GO=OT
 - T/B/D=PTA
 - T/B/D=COTA

Targeted Review

- Threshold lowered from \$3,700 to \$3,000 as of 1/1/18 (PT/SP combined-OT separate)
- Review no longer mandatory
- Target providers with high % of patients receiving therapy beyond threshold v. peers
- Focus on number of units/hours of therapy provided in a day

Functional Reporting

- Proposed PFS rules would eliminate reporting after 2018
- Proposal should be finalized before the end of the year

MIPS

- Merit-Based Incentive Payment System
- PTs and OTs will participate beginning 1/1/19
- Similar to PQRS
- Details to follow per CMS

OIG (Office of Inspector General)

- PT/OT documentation/billing on task list
- Studies have found a very low compliance rate
- Primary problems
 - Missing certs
 - Documentation of skilled care

PT/OT BY THE NUMBERS

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PT Management Support



Goals

- Which metrics are relevant and why?
- What are the relevant benchmarks (averages)?
- Increase level of comfort in reviewing and using data

Database

- Past 12 months
 - PT: 553,000 visits
 - HT: 65,000 visits
- Outpatient orthopaedic
- Better performing groups (75th percentile)
- About 25% MC population

Procedure Mix-Physical Therapy

CPT	%
97110	51%
97140	18%
97112	7%
97010	6%
97530	4%
97161	3%
97016	3%
97014	2%
G0283	2%
All Others	< 1%

Initial Eval Mix-Physical Therapy

97161	80%
97162	19%
97163	1%

Procedure Mix-Hand Therapy

97110	33%
97140	23%
97530	10%
97010	9%
97022	7%
Custom Orthotics	4%
97035	4%
97165	4%
97014	1%
97026	1%
97018	1%
All Other	< 1%

Initial Eval Mix-Hand Therapy

97165	91%
97166	8%
97167	1%

Practical Points

- Determine which numbers are relevant and focus on those
- Organizational-wide metrics may not be relevant to PT/OT
- Don't drive yourself crazy with e.g., 6 different monthly/weekly reports
- There is no perfect metric, but you can “triangulate”
- Numbers do not tell the whole story

Provider Productivity

➤ #1: Procedures/Provider Work Hour

➤ Close 2nd

- Visits/Day
- Procedures/Visit

Procedures/Hour

➤ Why relevant?

- Still primarily paid by procedure
- Vast majority of costs are in staffing
- So, more procedures/hour=more revenue per staffing dollar=higher profitability

Weighted Procedures

- Purpose-Weight procedures to e.g., account for difference between evals and e-stim
- Allows comparisons between providers and groups regardless of procedure mix
- More understandable/useful than wRVUs

Weighted Procedures

- 15-minute timed procedures 1:1
- Initial evals
 - Simple=3
 - Moderate=4
 - Complex=5
- Modalities 0.5:1
- Basically 1 WP=15 minutes (1 WP=.43 wRVU)

Provider Work Hours

- Use of hours accounts for schedule variations
- Only regular/overtime hours (no reduction for documentation time)
 - Not vacation, holiday, CME hours
 - Exempt providers max at FTE hours
- Admin time allowance for directors: About 45 minutes/FTE staff provider/week (e.g., 5 staff providers=4 hours)

Procedures/Provider Work Hour

- PT=4.8 WPs/hour (~70 minutes of charges)
- HT=3.6 WPs/hour (~54 mins of charges)

Procedures/8-Hour Day

- WPs/hour * 8
- Sometimes easier to use as total procedures/day
- PT=38 WPs/day; HT=29 WPs/day
- Procedures/Hr and Day provide quick productivity reading, but not enough detail

Procedures/Visit

- Total procedures/total visits
- Tells us
 - Time effectively reported with patient (should match total treatment time and timed code time)
 - Is all time being charged?
 - Sufficient skills to provide necessary skilled care?

Procedures/Visit

- PT=3.6 WPs/visit
 - E.g., 3 timed units, 1 modality
 - About 54 minutes

- HT=3.2 WPs/visit
 - About 48 minutes

Visits/Day

- Everyone thinks they see more visits than they actually see
- Start with a full schedule and end up with e.g., 9 visits
- Monthly average does not reflect daily variation

Visits/Day

- Important, but can be misleading
 - 14 visits @ 2.8 WPs/visit = 39 WPs
 - 10.8 visits @ 3.6 WPs/visit=39 WPs
 - Same revenue, 30% difference in visits

- Why visits/8-hour day?
 - We know providers work 4-12 hour days
 - Visits/hour (1.34) hard to translate into everyday use
 - Multiplying visits/hour by 8 puts everyone on an 8-hour day for easier review/comparison

Visits/8-Hour Day

- PT=10.7 visits/day (after cx/ns) (1.34/hour)
- HT=9.1 visits/day (after cx/ns) (1.14/hour)

Productivity Factors

- Productivity is individual and varies widely
 - But “lead” at each clinic typically sets pace
- High (>30%) Medicare population
- Charge capture
- Scheduling to account for cx/ns

Initial Evals/40-Hour Week

- Everyone thinks they do more evals than they do
- Therapists kept telling us they were seeing 4-5 evals/day (this is actually very rare)
- Need to track if this is an issue

Initial Evals/40-Hour Week

- PT=8.6/40-hour week (1.7/day)
- HT=7.2/40-hour week (1.4/day)
- But common for therapists to see 2-3 evals/day if necessary

Custom Orthotics

- Custom orthotics are key to financially viable HT practice
- Very wide range tied to surgeon utilization
- Low: 1/week/provider
- High: 20/week/provider

Visits/Patient

- PT average=8
- HT average=7.3 - less as custom splints increase

Visits/Patient

- Total visits/total initial evals (includes early discharges)
- Exponential impact on total visits
- Has been trending downward due to higher copays/deductibles
- Not useful for comparing individual providers especially with assistants
- Marginal use between practices because of different patient demographics
- Useful for comparing multiple clinics in the same practice
- Indirect indicator of patient satisfaction and adequate staffing

Visits/Patient-Same Practice

Location	A	B	C	D	E	F	G	Combined
New Patients	892	314	1,400	1,499	875	1,081	1,062	7,123
Visits	5,595	1,773	8,556	12,447	7,130	7,609	9,349	52,459
Visits / Patient	6.3	5.6	6.1	8.3	8.1	7.0	8.8	7.4
Variation from Avg	85%	77%	83%	113%	111%	96%	120%	100%
@ 8 Visits/Patient	7,136	2,512	11,200	11,992	7,000	8,645	8,496	56,981

CX/NS Rate

- Overrated factor
- Often difficult to significantly reduce cx/ns rate
- Many successful practices have 20% cx/ns rate
- However, significant difference between providers in same practice is relevant

CX/NS Rate

- Hard to run a useful report off most scheduling systems
- Reschedules within same day \neq CX/NS
- If you can, track both eval and follow-up show rates
- Initial evaluation average=8%
- Follow-ups=12% (excluding same day rescheduling)

CX/NS Rate

➤ Eval cx/ns rate factors

- Importance of scheduling w/i 48-72 hours
- E.g., non-surg patient scheduled in 2 weeks unlikely to show up
- Physician communication (“You can try therapy”)

➤ Follow-up cx/ns factors

- Providers do not communicate value of therapy
- Variation among providers

Payments/Procedure

- Total payments/total procedures
- Best measurement of payment rate because therapy almost always paid by procedure
- Varies due to:
 - Contract rates/allowables
 - Copay collection
 - Business office follow-up
- But better than payments/visit because not tied to # procedures billed

Medicare Rates

- As of 1/1/18, CMS reduced practice expense RVU on therex and manual, but increased therapeutic activity and a couple others
- Net reduction in payments because therex/manual are huge proportion of charges
- About a 5% overall decrease in Medicare payments

MEDICARE RATES-RVU CHANGE

CPT	2016	2017	2018	17-18%	2019	18-19%	% Charges
97110	0.91	0.92	0.87	-5.4%	0.87	0.0%	51%
97140	0.84	0.85	0.79	-7.1%	0.79	0.0%	18%
97112	0.95	0.96	0.99	3.1%	0.99	0.0%	7%
97530	0.98	0.99	1.15	16.2%	1.13	-1.7%	4%
G0283	0.39	0.39	0.42	7.7%	0.4	-4.8%	2%

NATIONAL MEDICARE RATES

CPT	2016	2017	2018	17-18%	2019	18-19%	% Charges
97110	\$32.58	\$33.02	\$31.32	-5.1%	\$?	\$?	51%
97140	\$30.08	\$30.51	\$28.44	-6.8%	\$?	\$?	18%
97112	\$34.01	\$34.45	\$35.64	3.5%	\$?	\$?	7%
97530	\$35.09	\$35.53	\$41.40	16.5%	\$?	\$?	4%
G0284	\$13.96	\$14.00	\$15.12	8.0%	\$?	\$?	2%

Payments/Procedure

- $PT = \$27.84/WP$ (about 100% of MC allowable)
- $HT = \$33.93/WP$ (increases as orthotics increase)

Payments/Procedure

➤ Factors

- Geographic variation
- Co-pay collection
- Authorizations
- Business office problems
- Rate negotiation all about leverage

Payments/Visit

- Procedures/visit is an important factor – so visit rate can be misleading, e.g.,
 - 2.8 WPs @ \$28/WP = \$78/visit
 - 3.6 WPs @ \$28/WP = \$101/visit
 - 29% difference due to charged procedures/visit
- PT average \$99/visit
- HT average \$108/visit

Payments/Provider Work Hour

➤ Good indicator of profitability trends

➤ PT: \$132

➤ HT: \$125

Gross Payroll/Procedure

- Important indicator of profitability trends because payroll is by far the largest cost
- Hard to compare all expenses because expenses allocated differently
- PT=\$12/WP for therapists, assistants, aides and front desk (does not include benefits, employer taxes, billing staff)
- HT=\$15/WP (fewer assistants, aides to bring down comp)

Net Margin

- Net income/revenue
- Wide range due to payment rates, productivity, expense allocation
- At MC allowable rates, expect 15-20% profit margin

Ex 1: Annual Expenses up 2.5%

Year	1	5	10
New Patients	100	100	100
Visits/Patient	8	8	8
Total Visits	800	800	800
Payment/Visit	\$85	\$85	\$85
Total Payments	\$68,000	\$68,000	\$68,000
Total Expenses	\$55,000	\$60,710	\$68,687
Net Income	\$13,000	\$7,290	(\$687)
Net Margin	19%	11%	-1%

Ex 2: Annual Expenses up 2.5% Visits/Patient down 1%

Year	1	5	10
New Patients	100	100	100
Visits/Patient	8	7.7	7.3
Total Visits	800	768	731
Payment/Visit	\$85	\$85	\$85
Total Payments	\$68,000	\$65,321	\$62,119
Total Expenses	\$55,000	\$60,710	\$68,687
Net Income	\$13,000	\$4,611	(\$6,568)
Net Margin	19%	7%	-11%

Ex 3: Annual Expenses up 2.5%

Visits/Patient down 1%; New Patients up 4%

Year	1	5	10
New Patients	100	117	142
Visits/Patient	8	7.7	7.3
Total Visits	800	899	1040
Payment/Visit	\$85	\$85	\$85
Total Payments	\$68,000	\$76,416	\$88,415
Total Expenses	\$55,000	\$60,710	\$68,687
Net Income	\$13,000	\$15,706	\$19,727
Net Margin	19%	21%	22%

Annual Comparison	Jan-Aug 16	Jan-Aug 17	Jan-Aug 18	17-18%
New Patients	4712	5885	6492	10%
Visits	30,422	39,675	45,559	15%
Visits / Patient	6.5	6.7	7.0	4%
Procedures	103,944	138,087	157,694	14%
FTE Providers	12.9	16.3	18.1	11%
Procedures/Provider Hr	4.2	4.4	4.5	3%
Visits/Day	9.8	10.1	10.5	4%
Charges	\$7,576,886	\$10,110,531	\$11,475,567	14%
Payments	\$4,302,586	\$5,769,402	\$6,746,338	17%
Payments/Procedure	\$41.39	\$41.78	\$42.78	2%
Payments/Visit	\$141.43	\$145.42	\$148.08	2%
Payments/Provider Hr	\$174.08	\$184.09	\$194.09	5%

Questions

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