

# Benchmarking for Outpatient Physical/Hand Therapy

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# Topics

- Trends
- Provider productivity metrics
- Financial metrics
- Growing revenue

# Database

- Physical therapy
- Hand therapy
- Outpatient orthopaedic
- Average about 30% MC population - but growing

<b>PT Growth</b>	<b>19-21%</b>	<b>21-22%</b>
New Patients	12%	3%
Visits	9%	1%
Visits/Patient	-3%	-2%

<b>HT Growth</b>	<b>19-21%</b>	<b>21-22%</b>
New Patients	8%	4%
Visits	9%	2%
Visits/Patient	1%	-2%

CPT	2023 Medicare National Payment Rates (before geographic adjustment and MPPR)
Initial Evals	\$101.66
97110	\$29.82
97112	\$34.23
97116	\$29.82
97140	\$27.45
97530	\$37.62
G0283/97014	\$12.20

<b>PT Code Mix</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
97110	51%	48%	45%	44%
97140	16%	16%	17%	17%
97530	8%	12%	13%	14%
97112	7%	6%	7%	12%
97010	5%	5%	4%	2%
97161	3%	3%	4%	3%
97016	3%	4%	5%	2%
97014	2%	2%	1%	1%
G0283	2%	1%	1%	1%

<b>PT Eval Mix</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
97161	90%	92%	97%	98%
97162	9%	7%	3%	2%
97163	1%	1%	<1%	<1%



HT Code Mix	2019	2020	2021	2022
97110	39%	34%	31%	34%
97140	20%	22%	24%	21%
97530	14%	16%	16%	17%
97010	7%	7%	7%	5%
97022	5%	6%	6%	3%
Custom Orthotics	3%	3%	2%	3%
97035	3%	3%	3%	2%
97165	3%	4%	3%	4%
97014	1%	1%	1%	1%
97026	1%	1%	1%	1%

<b>HT Eval Mix</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Low</b>	<b>90%</b>	<b>98%</b>	<b>96%</b>	<b>99%</b>
<b>Moderate</b>	<b>9%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>
<b>Complex</b>	<b>1%</b>	<b>&lt;1%</b>	<b>1%</b>	<b>&lt;1%</b>

# Provider Productivity Metrics

- Primary: Procedures/Provider Work Hour
- Components
  - Visits per hour/day/week
  - Procedures/Visit
- New patients (evals)/week/FTE provider
- Custom orthotics/week (hand therapy)

# Weighted Procedures (WPs)

- Purpose-Weight procedures to e.g., account for difference between evals and e-stim
- Allows comparisons between providers (e.g., PT v PTA), locations and practices regardless of procedure mix
- More “user friendly” wRVUs
- Downloadable procedure to WP conversion table

# Weighted Procedures

- 15-minute timed procedure=1 WP (timed procedures are about 85% of all billed procedures)
- Initial evals
  - Simple=3
  - Moderate=4
  - Complex=5
- Custom orthotics=3
- Modalities 0.5:1
- Basically 1 WP=15 minutes (1 WP=.45 wRVU)

# Provider Work Hours

- Use of hours allows for comparisons regardless of whether provider is working part or full time
- Include regular/overtime hours (but no reduction for documentation time)
  - Do not include vacation, holiday, CME hours
- Admin time allowance for directors/leads: About 45 minutes/FTE staff provider/week (e.g., 5 staff providers=4 hours/week)

# Procedures/Provider Work Hour

## ➤ Why relevant?

- Quick and reliable provider productivity measure
- Still primarily paid by procedure
- Vast majority of costs are in staffing and staffing cost is proportional to hours
- So, more procedures/hour=more revenue per staffing dollar=higher profitability
- More reliable than visits because high visit count with low charges/procedures per visit is counterproductive (discussed below)

# Procedures/Visit

- Total number of procedures divided by visits
  - Often ignored at peril of practice
  - Tracking/billing timed procedures is tricky
  - Providers tend to (almost always) under charge
  - Exponential impact on productivity and revenue



# Visits per Hour/Day/Week

- Key but often misleading measure of productivity, e.g.,
  - 14 visits/day @ 2.8 procedures/visit=39 procedures
  - 11 visits/day @ 3.5 procedures (45-60 minutes)/visit=39 procedures
  - Same revenue but 27% more visits
  - More “wear and tear” on front desk, billing and providers

# WPs/Hour Illustration

Visits/Day	9	10	11	12
WPs/Visit	4	3.6	3.3	3
WPs/Day	36	36	36	36
Hours/Day	8	8	8	8
WPs/Hour	4.5	4.5	4.5	4.5
Payments/WP	\$28.00	\$28.00	\$28.00	\$28.00
Payments/Day	\$1,008	\$1,008	\$1,008	\$1,008

# 2022 Data

<b>Physical Therapists</b>	<b>WPs/Hour</b>	<b>WPs/Visit</b>	<b>Visits/Hr</b>	<b>Visits/8-Hr Day</b>	<b>Visits/40-Hr Week</b>	<b>New Patients/40-Hr Week</b>
Top 10%	5.3	3.9	1.4	11.3	57	11.7
Top 25%	4.7	3.8	1.3	10.6	53	9.4
Top 50%	4.3	3.5	1.2	9.9	49	7.2
Top 75%	3.9	3.3	1.1	9.1	45	5.6

Illustration	WPs/Hour	WPs/Visit	Visits/Hr	Visits/ 8-Hr Day	Visits/ 40-Hr Week
Top 10%	5.3	3.5	1.5	12.1	61
Top 25%	4.7	3.5	1.3	10.7	54
Top 50%	4.3	3.5	1.2	9.8	49
Top 75%	3.9	3.5	1.1	8.9	45

<b>PTAs</b>	<b>WPs/Hour</b>	<b>WPs/Visit</b>	<b>Visits/Hr</b>	<b>Visits/ 8-Hr Day</b>	<b>Visits/ 40-Hr Week</b>
Top 10%	4.9	3.7	1.5	11.7	58
Top 25%	4.3	3.4	1.3	10.6	53
Top 50%	3.9	3.2	1.2	9.7	49
Top 75%	3.5	3.1	1.1	8.9	45

<b>Hand Therapists</b>	<b>WPs/Hour</b>	<b>WPs/Visit</b>	<b>Visits/ 8-Hr Day</b>	<b>Visits/ 40-Hr Week</b>	<b>New Patients/ 40-Hr Week</b>	<b>Custom Orthotics/ 40-Hr Week</b>
Top 10%	4.7	4.2	10.8	54	8.8	9.3
Top 25%	4.2	3.8	9.6	48	7.2	7.6
Top 50%	3.6	3.4	8.5	42	6.1	4.1
Top 75%	3.2	3.1	7.8	39	5.2	2.0

<b>COTAs</b>	<b>WPs/Hour</b>	<b>WPs/ Visit</b>	<b>Visits/ 8-Hr Day</b>	<b>Visits/40-Hr Week</b>
Top 10%	4.1	3.7	10.0	50
Top 25%	3.7	3.6	8.7	44
Top 50%	3.3	3.5	7.4	37
Top 75%	3.1	3.3	7.0	35



<b>Comparison: WPs/Hour</b>	<b>PTs</b>	<b>PTAs</b>	<b>HTs</b>	<b>COTAs</b>
Top 10%	5.3	4.9	4.7	4.1
Top 25%	4.7	4.3	4.2	3.7
Top 50%	4.3	3.9	3.6	3.3
Top 75%	3.9	3.5	3.2	3.1

<b>Comparison: Visits/8-Hr Day</b>	<b>PTs</b>	<b>PTAs</b>	<b>HTs</b>	<b>COTAs</b>
Top 10%	11.3	11.7	10.8	10.0
Top 25%	10.6	10.6	9.6	8.7
Top 50%	9.9	9.7	8.5	7.4
Top 75%	9.1	8.9	7.8	7.0

Comparison: WPs/Hour	PTs	PTAs	PTA/PT %
Top 10%	5.3	4.9	94%
Top 25%	4.7	4.3	91%
Top 50%	4.3	3.9	90%
Top 75%	3.9	3.5	89%

Comparison: WPs/Visit	PTs	PTAs	PTA/PT %
Top 10%	3.9	3.7	94%
Top 25%	3.8	3.4	91%
Top 50%	3.5	3.2	90%
Top 75%	3.3	3.1	93%

<b>Comparison: Visits/8-Hr Day</b>	<b>PTs</b>	<b>PTAs</b>	<b>PTA/PT %</b>
Top 10%	11.3	11.7	103%
Top 25%	10.6	10.6	100%
Top 50%	9.9	9.7	98%
Top 75%	9.1	8.9	98%

<b>Comparison: PTA/PT %</b>	<b>WPs/Hr</b>	<b>WPs/Visit</b>	<b>Visits/Day</b>
Top 10%	94%	94%	103%
Top 25%	91%	91%	100%
Top 50%	90%	90%	98%
Top 75%	89%	93%	98%

# Productivity Factors

- Wide range in individual productivity
  - But staff provider productivity at each clinic commonly matches lead therapist's productivity
- No need to apply Medicare rules to all payers
  - Can appropriately charge commercial and WC patients for aide-assisted services (e.g., monitoring therex)
  - Rarely need to apply Medicare “total time” rule to commercial, WC and MA patients

# Productivity Factors

- Appropriately charge for all treatment time
  - PT/HT providers commonly undercharge
  - Tracking timed units is challenging (e.g., Medicare total time rule v commercial 8-minute rule)
  - Need to ensure all providers are appropriately charging for all treatment time
  - If you do not spend at least 8 minutes on a timed procedure, do not do it



# Productivity Factors

## ➤ Scheduling

- More important than ever and it was always important
- Need proactive schedulers to keep schedule full
- Need to double book a couple times/day to compensation for cx/ns
- Better to double book and write off charges
- Providers need to be flexible

# Average Visits/Patient

- Exponential impact on total visits
- Highly dependent on patient demographics
- Very useful if practice has multiple locations with similar demographics
  - Location with low average might have patient satisfaction issues
  - But low average might also be due to understaffing

<b>Visits/Patient</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>PT Providers</b>	<b>7.8</b>	<b>7.8</b>	<b>7.7</b>	<b>7.5</b>
<b>HT Providers</b>	<b>8.2</b>	<b>8.3</b>	<b>8.5</b>	<b>8.3</b>

# Visits/Patient

## ➤ Why trending down?

- Higher copays/deductibles
- 2022 staffing disruptions/shortages
- Covid
- Change in patient attitudes toward keeping appointments?

# Visits/Patient

## ➤ Factors

- Importance of communication
- Patient's perception of value
- Patients need to help set and understand goals
- HT average decreases as custom orthotics increase

# CX/NS Rate

- Data is not reliable
  - Most scheduling systems are not built to track relevant cx/ns rate
- Tied to patient demographics-so hard to compare across practices
- If you can reliably track:
  - Separately track eval and follow-up cx/ns rates
  - Track for each provider
  - Look for variations between providers

# CX/NS Rate

- Eval cx/ns rate factors
  - Importance of scheduling w/i 48-72 hours
  - Physician communication (“You can try therapy”)
- Follow-up (treatment) visits
  - Providers need to communicate value of therapy
  - Variation among providers
  - **But often cx/ns rate is “baked in” so schedule for cx/nx**

# Financial Metrics

## ➤ Payments/WP

- Most relevant measure of payment rate

## ➤ Payments/Visit

- Impacted by procedures/visit

## ➤ Payments/Provider Work Hour

- Impacted by provider productivity
- Excellent indicator of profit trends



# Payments/WP

## ➤ Factors

- Geographic variation
- Co-pay collection
- Authorizations
- Tracking authorized visits, payments, etc.
- Billing/collection problems

# Payment/Visit

- Payment/visit can be misleading measure of payment rate because procedures/visit has a huge impact
  - Example
    - 2.8 WPs/Visit @ \$26/WP = \$73/visit
    - 3.5 WPs/Visit @ \$26/WP = \$91/visit
    - 25% difference completely due to # procedures

All PT Providers	Payments/WP	Payments/wRVU
2019	\$26.10	\$58.00
2020	\$26.63	\$59.18
2021	\$27.24	\$60.53
2022	\$27.58	\$61.29

All HT Providers	Payments/WP	Payments/wRVU
2019	\$29.58	\$65.73
2020	\$30.12	\$66.93
2021	\$29.68	\$65.96
2022	\$32.67	\$72.60

<b>Physical Therapists</b>	<b>Payments/WP</b>	<b>Payments/ Visit</b>	<b>Payments/ Hour</b>
Top 10%	\$31.73	\$99.35	\$159.17
Top 25%	\$29.77	\$92.60	\$136.00
Top 50%	\$27.97	\$92.08	\$120.85
Top 75%	\$26.12	\$82.55	\$106.30

<b>PTAs</b>	<b>Payments/WP</b>	<b>Payments/ Visit</b>	<b>Payments/ Hour</b>
Top 10%	\$31.43	\$98.41	\$145.06
Top 25%	\$28.52	\$91.26	\$120.62
Top 50%	\$26.79	\$85.94	\$103.10
Top 75%	\$24.72	\$76.22	\$88.66

<b>Hand Therapists</b>	<b>Payments/WP</b>	<b>Payments/ Visit</b>	<b>Payments/ Hour</b>
Top 10%	\$38.00	\$133.55	\$159.00
Top 25%	\$35.39	\$121.72	\$130.89
Top 50%	\$32.67	\$107.44	\$118.60
Top 75%	\$29.78	\$97.65	\$103.46

<b>COTAs</b>	<b>Payments/WP</b>	<b>Payments/Visit</b>	<b>Payments/Hour</b>
Top 10%	\$34.79	\$105.14	\$110.78
Top 25%	\$32.79	\$104.13	\$109.83
Top 50%	\$28.44	\$100.72	\$91.51
Top 75%	\$24.88	\$84.64	\$84.64



<b>Comparison: Payments/ WP</b>	<b>PTs</b>	<b>PTAs</b>	<b>HTs</b>	<b>COTAs</b>
Top 10%	\$31.73	\$31.43	\$38.00	\$34.79
Top 25%	\$29.77	\$28.52	\$35.39	\$32.79
Top 50%	\$27.97	\$26.79	\$32.67	\$28.44
Top 75%	\$26.12	\$24.72	\$29.78	\$24.88

<b>Comparison: Payments/WP</b>	<b>PTs</b>	<b>PTAs</b>	<b>PTA/PT %</b>
Top 10%	\$31.73	\$31.43	99%
Top 25%	\$29.77	\$28.52	96%
Top 50%	\$27.97	\$26.79	96%
Top 75%	\$26.12	\$24.72	95%

<b>Comparison: Payments/ Visit</b>	<b>PTs</b>	<b>PTAs</b>	<b>PTA/PT %</b>
Top 10%	\$99.35	\$98.41	99%
Top 25%	\$92.60	\$91.26	99%
Top 50%	\$92.08	\$85.94	96%
Top 75%	\$82.55	\$76.22	95%

<b>Payments/WP</b>	<b>PTs</b>	<b>HTs</b>	<b>HT/PT %</b>
Top 10%	\$31.73	\$38.00	120%
Top 25%	\$29.77	\$35.39	119%
Top 50%	\$27.97	\$32.67	117%
Top 75%	\$26.12	\$29.78	114%

# Gross Payroll/WP

- Gross payroll=Base and bonus compensation for providers, aides and front desk (does not include benefits, employer taxes, billing staff)
- Good way to compare expenses because accounting for gross payroll typically consistent from practice to practice
- Removes rent, general overhead and other expenses that are subject to widely different accounting practices and vary by region
- Important indicator of profitability trends because payroll is by far the largest cost

<b>Gross Payroll/WP</b>	<b>PT</b>	<b>HT</b>
2019	\$11.36	\$15.05
2020	\$12.13	\$16.38
2021	\$12.22	\$14.34
2022	\$13.01	\$15.09

# Therapist v Assistant

- Medicare paying for PTA/COTA services at 88% of PT/OT rates as of 1/1/2022
- Humana and UHC are also applying PTA/COTA cut
- Does it make sense to use PTAs and COTAs for Medicare patients?

# Therapist v Assistant

PT v PTA-Medicare Payments	PT	PTA
Payments per work hour after PTA reduction	\$100	\$88
Annual compensation (PT@\$42/hr; PTA@\$26/hr)	\$87,360	\$54,080
Compensation + taxes/benefits @ 20%	\$104,832	\$64,896
Total comp/taxes/benefits per work hour	\$55	\$34
Hourly payment less comp costs	\$45	\$54



# Net Margin

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

# Management Focus?

- Revenue
- Revenue
- Revenue
- Revenue
- Expenses

# US Population over 65

- |                   |              |
|-------------------|--------------|
| • 2009            | 39.6 million |
| • 2019            | 54.1 million |
| • 2040 projection | 80.8 million |
| • 2060 projection | 94.7 million |

Referral Illustration	Year One	Year Ten			
Annual % Increase in New Patients	NA	0%	2%	4%	6%
Total New Patients	1,000	1,000	1,219	1,480	1,791
Visits/Patient	10	9	9	9	9
Total Visits	10,000	9,000	10,971	13,322	16,118
Payment/Visit	\$100	\$90	\$90	\$90	\$90
Total Payments	\$1,000,000	\$810,000	\$987,385	\$1,198,998	\$1,450,587
% Change	NA	-19.0%	-1.3%	19.9%	45.1%

# Growing Revenue

- Get patients in asap and when convenient for patient
- Try not to let increase in new patients be offset by decrease in average visits/patient
- Really communicate with patients
- Communicate with physicians
- Share patient comments
- Specialized programs (e.g., golf, running, fall prevention)

# To Do List

- Ensure everyone understands Medicare v non-Medicare rules
- Apply Medicare rules only when required
- Consider bonus plan tied to provider productivity
- Alternate Medicare and non-Medicare patients on schedule
- Pick a schedule that works for your practice
- Double book when appropriate to address cx/ns
- Consider PTAs/COTAs to reduce staffing cost
- Replace (or supplement) aides with PTAs if MC % high (above 40%)
- Grow revenue

# Questions

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