The Business Case for Quality

The Benefit of Translational Research to Practice
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Purpose

• Explain How Changes in Reimbursement Policy Makes Collaborative Research Critical to Future Business Success
• Understand Why Research That Proves the Value of Physical Therapy Should Receive Priority
• Understand How Participating In Clinical Research Can Reduce a Clinics Costs
• Suggest Ways to Improve Collaboration Between the Research Community and the Clinics

My Perspective

• Director of 400 bed Acute Not for Profit Suburban Los Angeles Hospital PT and Rehabilitation Dept.
• Size and Scope of Dept. is Representative of a Broad Spectrum of PT Services
  - Size: 18,000 pts/122,000 visits per year
  - 80 staff; 55 therapists
  - Main Dept and 5 outpatient satellites
• Scope of Therapy Services
  - In-patient Acute and Sub Acute
  - Multi-Specialty Outpatient Service
  - Clinical Training for 20+ students/year
  - Adjunct Faculty for multiple PT programs
  - Participant in the Clin Research Net Project
• Patient Type:
  - All Ages from Neonate to Geriatrics
  - All Insurances and Charity Care

Business Environment Challenges

• Efforts to Reduce Health Care Costs has Reduced Profitability
  - Reduced Revenues per Patient
  - Fixed non-Incremental Reimbursement for Acute Care
  - Resource based Reimbursement for Sub acute care
  - Managed Care Contracting (capitation)
  - Absence of Increases in Fee Schedules (Medicare, Work Comp, Private)
  - Growth in Medicaid and Charity Volume due to Poor Economy
  - Absence of Increases in Fee Schedules (Medicare, Work Comp, Private)
  - Reduced Private Insurance Volume due to the Poor Economy, Restrictive Benefits and Increased Co-pay/Co-insurance
  - Increased Competition from Non-PT providers constrains price increases and reduces volume in more profitable service lines (orthopedics and pain).
• Increased Costs
  - Recruitment, Retention and Salary Costs Increases due to Historical Staffing Shortages (except for this year)
  - Increased administrative expense to process clams
  - Limits on use of extenders due to Medicare Supervision Requirements and Restrictions on Reimbursement for Students

The Role of Research in Improving Profitability

Physical Therapy Service Providers are increasingly at financial risk for the patient populations that they treat. They must know what interventions are of Value (The benefit exceeds the cost to provide the service). Collaborative research can answer this question.

Competition from Non-Pt Providers Can be Reduced by Demonstrating the Greater Value of PT

Participating in Clinical Research can Reduce Staffing Expense by Improving Recruitment and Retention

How Reimbursement has Changed

• Before Prospective Payment, Resource Utilization Groups, Per Diem Payment and Contracts, "Below Cost" Gov'T Programs (Medicaid) and Capitation, providers were not at financial risk for the care of their patients. Providers were paid for the care rendered regardless of outcome. In fact, providers were rewarded with additional income if cost of care increased.
• Today, providing care for patients that is ineffective, inappropriate or inadequate increases costs without increasing revenue and encourages patients to look to other alternatives thus jeopardizing the financial viability of providers
How Providers of Acute and Sub Acute Care are at Risk

- Due to Prospective Payment (Medicare’s DRG), Per Diem (Medicaid) and Contracted Rates (Private/Work Comp) and Resource based payment systems in the Sub Acute realm PT services provide little additional incremental revenue to Hospitals as such they are “cost” rather than “revenue” centers.

- As such PT depts must justify their cost to the institution by demonstrating that their benefit of being involved in acute care exceed their cost to the institutions by reducing length of stay or preventing costly complications.

- An absence of scientific research that proves this value puts in jeopardy PT’s long term involvement in the Acute Hospital setting and in so doing risk our status as an integral player in our healthcare system.

How Gov’t Sponsored Program Providers are at Risk

- Like capitated contracting Gov’t sponsored programs reimbursement (Medicare and Medicaid) at best covers (Medicare) but in the case of Medicaid does not cover the cost to care for the patient.

- Thus, just as with the capitated patients, PT providers servicing these patients need to know which interventions are effective and appropriate and of value to avoid financial failure.

- In addition, private insurance and public policy makers often look to Medicare Policy to determine service that justify reimbursement and those that do not.

- An absence of research that proves the value of physical therapy interventions leaves us vulnerable to other services that can prove their value.

How Ineffective Care Penalizes Non-Capitated Providers

- In response to the rising cost of health care insurers are now offering insurance plans with more limited benefits or significantly higher out of pocket expenses for the subscriber. (High Deductible etc)

- Patients now have “skin in the game” and as such are becoming discriminating consumers of physical therapy.

- Effects include reducing their use of PT services and seeking care via non-PT providers.

- Those providing care to lower paying gov’t sponsored payers (Medicare and Medicaid) or to the uninsured offset the losses incurred by servicing these programs by increasing revenue from higher paying programs.

- An absence of research that proves that our service is the most cost effective means of achieving the rehabilitation needs of this group risks losing our status as the experts in rehabilitation in the eyes of patients and those that insure them.

How Staffing Cost Can be Reduced via Collaborative Research

- Staffing cost account for 80+% of PT services budgets.

- Recruiting and retaining staff historically has been the major driver of increased salary expense for PT providers.

- Retention requires continuing education support. Sorting out the valuable clinical education offering through scientific research reduces wasteful spending

- Those new graduating from PT programs have been educated in the importance of evidence based practice and are anxious to participate in the process.

- Most providers of PT services today are not performing clinical research at this point. Those that do will attain status over those that do not and thus enjoy a competitive advantage over their peers both in the realm of recruitment and retention.

- Clinical research will thrive if the lost productivity associated with participating in clinical research can be kept below the saving achieved in lower recruitment and retention expenses.

Ways to Foster Collaborative Research From A Practice Perspective

- Issues Faced by Clinics That Must Be Understood in Designing Collaborative Research Models
  - Productivity Demands Must Be Respected and Incentives Provided to Encourage Greater Collaboration Initially.
  - Research Design Must Reflect a Sensitivity to Constraints Practices Face in Providing Care
  - Research Design Must Be Relevant to The Patient Type Seen in The Clinic.
  - Clinicians Must Be Involved In The Choice of Topic and Study Design to “Buy-in”
Clinical Research Network: A Clinic’s Perspective

Background:
Participated in Low Back Study
Required 6 hours of Training in Protocol of 1 Staff Member
Evaluated 6 Patients over 6 month period
Responsibility of Clinic: Provision of Care and Data Collection
Clinic received reimbursement to cover cost but not profit from providing care

Results:
Excitement/Satisfaction of Staff and Pt’s to Participate in Relevant Research
Project Reinforced the Importance of Scientific Investigation in Determining
Legitimacy of Treatment Approach Amongst Staff
Facilitated Communication Amongst Referral Sources and Clinic Increased Status of
Clinic in Eyes of Administration, Referral Sources and Patients
Benefits Exceeded Investment for Clinic

Follow Up
Unfortunately, none.
Network not used for future projects

Summary
- Collaborative Research Provides the Opportunity for Business to Reduce the Negative Consequences of Declining Reimbursement and Increasing Costs by:
  - Providing answer to the question of what is of value and what is not in the care of patients under controlled fixed payment health care plans
  - Increasing the volume of better paying private insurance pt’s by demonstrating the superior results of rehabilitation from licensed PT’s vs Non-PT providers.
  - Helping Clinic reduce recruitment, retention and con-ed cost by meeting the needs of staff that want to contribute to Evidence Based Practice and avoid wasteful spending on continuing education classes that are not based on strong scientific evidence.
  - A model that may serve as template for collaborative research is the Clinical Research Net as it was able to meet provide high quality, relevant information to the Research and Business communities without excessive cost or clinic disruption.