



CURRENT MARKET HISTORY AND MSO STRATEGIES FOR SUCCESS 2024: PROBLEM, RESULT, AND SOLUTIONS

The Problem:

Current reimbursement models are unsustainable and have pushed independent clinics into making choices that are unethical and unsustainable. There are several health plans whose reimbursements have not improved since 2006 and inflation has gone up 51% in the same period.

This situation was likely caused by a multitude of factors, including:

- Practice owners not providing a consistent standard of care, in terms of treatment, scheduling and outcomes.
- Classifying PTs in insurance silos in the same category as massage therapist, naturopaths, and dieticians
- Unscrupulous business practices by some large groups.
- No accountability for outcomes and patient customer service/satisfaction
- Adversarial payor-provider relationships have led to stagnant reimbursement, frustration, and hopelessness.
- Trends of consolidation and private equity investment that leave independent practices at a disadvantage in contract negotiations.

The Result:

The result of lack of reimbursement and inflation in independent private practice is follows:

- Pushing independent clinics into high volume models which does not deliver favorable outcomes to patients and creates burnout/stress for staff.
- Pushing clinics into cash-based interventions (such as dry needling), in addition to billed office visits, to get reimbursement levels to cover the cost of inflation in the last 17 years.
- Pushing clinics to drop insurance entirely and moving fully to cash-based practice. We feel that there are issues here on the consumer side as there are no guarantees that they are insured, licensed, or providing a standard of care appropriate for their orthopedic condition. In addition, this is an unequitable situation to public health needs and access to care.

- Pushing independent practices to bill under a physician NPI number, and then splitting fees with physician to gain access to better reimbursement and bypassing third party payors.
- Pushing clinic to go out of business.
- Pushing clinics to sell to corporations and private equity groups.
- Physicians and Hospitals gaming the system to send patients to low quality PT offices to increase the likelihood of being potential candidates for surgery and injections.

Insurance will be eventually left with hospitals getting \$600/visit, physician owned clinics getting \$165-\$250 a visit, or cash pay services that some patients may not be able to afford.

There is now a substantial shortage of PTs available to hire because of stagnant reimbursement, high cost of living, and higher tuition costs.

The savvy orthopedist or neurosurgeon, who needs a patient to fail physical therapy to qualify for surgery, could and likely does refer to inferior PTs or his/her own PTs to maximize the odds of performing a surgery.

In this current model, poor performing clinics with poor practice patterns are rewarded, and good clinics with exceptional standards of care are being discouraged.

This has created a payor-provider culture that is both adversarial and full of resentment on both sides, and helps neither the patient, the payor, or the provider.

The Solution:

Rocky Mountain Rehab Alliance (RoMoRA) was established to solve some of these structural issues and reimbursement problems. We believe successful private practices are integral to the health care ecosystem, and good outcomes, sustainable business models, and fiscal responsibility do not have to be adversarial to each other.

Our goals are to:

- Provide a superior customer service experience.
- Provide superior clinic outcomes.
- Reduce downstream orthopedic costs by reducing risk for surgery, imaging, and medications.
- Establish cooperative payor-provider relationships to work cooperatively with each other to provide excellent care while addressing increasing orthopedic costs.

We can address these problems through:

- Outcome transparency and outcome collections by using FOTO.
- Consistent scheduling practices and billing practices
- Single Tax ID number throughout the organization
- Negotiating one contract for a multitude of clinics

- Consistent policy and procedures manuals
- Having an organization of ethical, superior providers who invest in provider training.
- Established clinics that can maintain and enforce the standards of care for member clinics.
- Mentor new clinics into a sustainable model with ethical practice patterns.
- Increased provider reimbursement through the convenience of tax ID number and outcome cost savings.
- Insurances gain a network that rewards the payor with downstream savings costs of surgery, medications, and imaging.