# Is cash/OON PT for YOU?

SARAH (HARAN) HUGHES, PT, DPT, OCS, CF-L2

## Is Cash PT for YOU?

our plan today:

- introduction
- why is cash PT on the rise?
- common mistakes and misconceptions
- logistics + legal
- criticisms of the model
- key Qs to ask yourself before starting

# Introductions

Quick intro of who I am, where I work and what I do!!

## Sarah (Haran) Hughes, PT, DPT, OCS, CF-L2

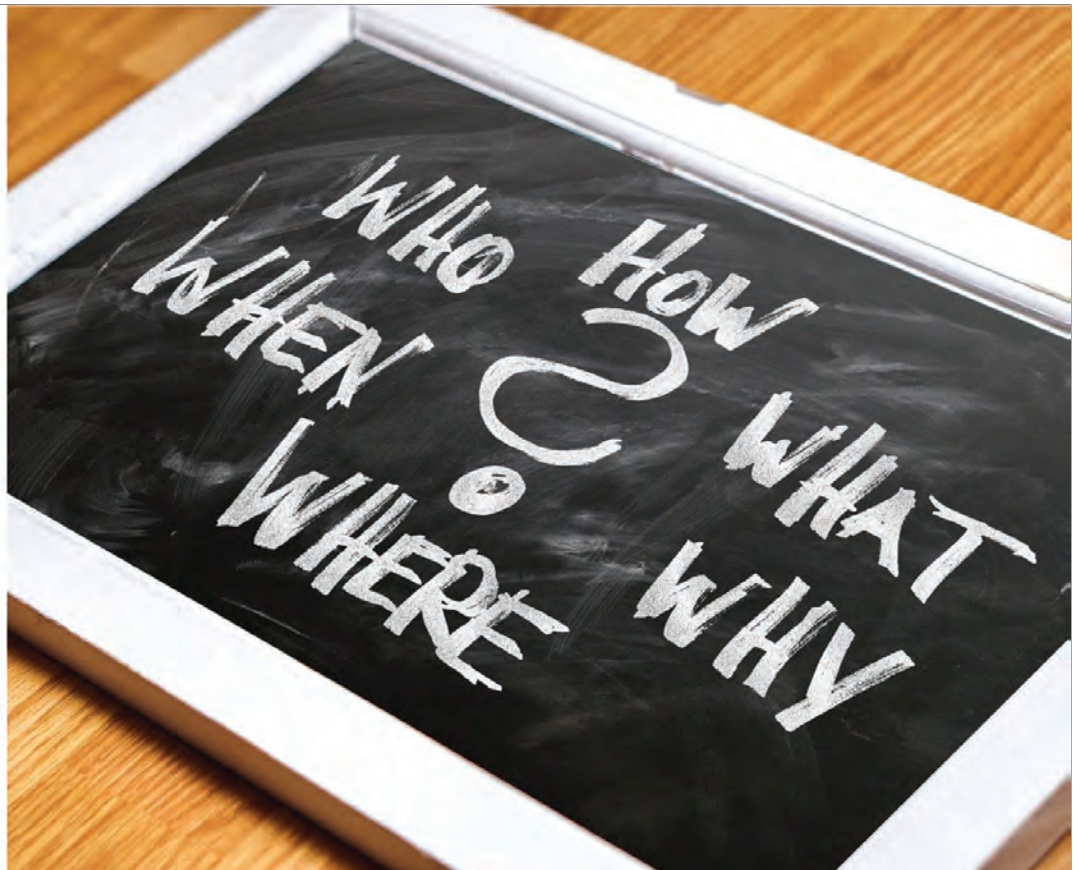
- DPT | University of WA 2007
- own + operate Arrow Physical Therapy
  - est. 2016
  - Seattle, WA
- consulting for private practices (in + out-of-network)
  - Full Draw Consulting
  - partner with Dr. Kate Blankshain of Outlier Physical Therapy in Chicago, IL

## the twist

- relocated to Chicago, IL
- now practice out of Outlier Physical Therapy
- I come to you today to share:
  - what I've learned
  - what I would have done differently
  - what I want others to consider

## Introductions

Who are you?
Where are you located?
What do you hope to get out of today?



# Why is Cash PT on the rise?

Let's brainstorm.

group **brainstorm**

what drives these choices?

Why is going **out of network** so appealing?

# cash PT / OON

## why?

- increased autonomy
- patient-centered care
- less red tape
- minimal paperwork
- niche practice
- fewer barriers to entry for business start-up

# cash PT / OON

## why?

- increased autonomy
- patient-centered care
- less red tape
- mi rwork

The current **landscape** of healthcare!!

# corporate, high-volume model

## landscape:

- high patient volume
- in-network with insurance
- large # of clinic locations / chain
- incentives for PTs based on metrics
- high overhead
- large corporate structure

## what does this mean for PTs?

- lots of jobs
- salary + benefits
- promises of mentorship
- experience / time in the saddle
- con-edu budget
- leadership opportunities

what **else** does this mean for PTs?

- overbooked schedules
- relatively low salaries
- use of aides / techs
- overuse of modalities
- dealing with unethical billing practices
- b u r n o u t

Why does **the corporate, high-volume model** exist, and why does it **succeed**?

# corporate, high-volume model

## looks like:

- **profit-driven** (even in current reimbursement climate, there is money to be made in PT)
- many **MDs** still look for in-network clinics to refer to
- there *are* enough **patients** to support this model
- appeal to **new grads**
  - mentorship
  - clinical programs
  - continuing education budget
  - many available jobs
- the **need for PT** services is growing

# reimbursement climate

## on a steady decline:

- variation between insurance companies
- practices adjust schedules or double book appointments to make up for losses and variation in reimbursement
- pre-authorization requirements are increasing
- merit-based Incentive Payment System: payment based on utilization
- insurance plans limiting PT visits per condition or per year
- documentation requirements are getting more and more difficult to meet

## higher out of pocket costs

**for patients:**

- deductibles and co-pays are increasing
- given higher insurance costs, many patients are choosing high-deductible plans
- out-of-pocket costs are difficult for patients to predict with an in-network model
- patients often end up paying the full cost for treatment, at least for several sessions

It is becoming increasingly difficult to offer **quality service** and **achieve profit** in our profession.

group **brainstorm**

what do we see happening?

# corporate, high-volume model

## so, we end up:

- decreasing PT salaries
- double booking patients + increasing volume
- utilizing aides + techs for patient care
- increasing the use of modalities + passive interventions
- seeing **BURNOUT** with our therapists

Burnout has been a **topic of discussion for many years** ... at least since I entered the profession.

What happens when a **medical professional** is experiencing their own brand of **stress**?

# BURNOUT

factors:

- PTs working in a high-volume setting
- minimal control over schedule
  - work schedule
  - patient care schedule
- loss of work-life balance
- death by paperwork
- administrative burden
- not able to see the patient population they want to see
- boredom

# BURNOUT

## factors:

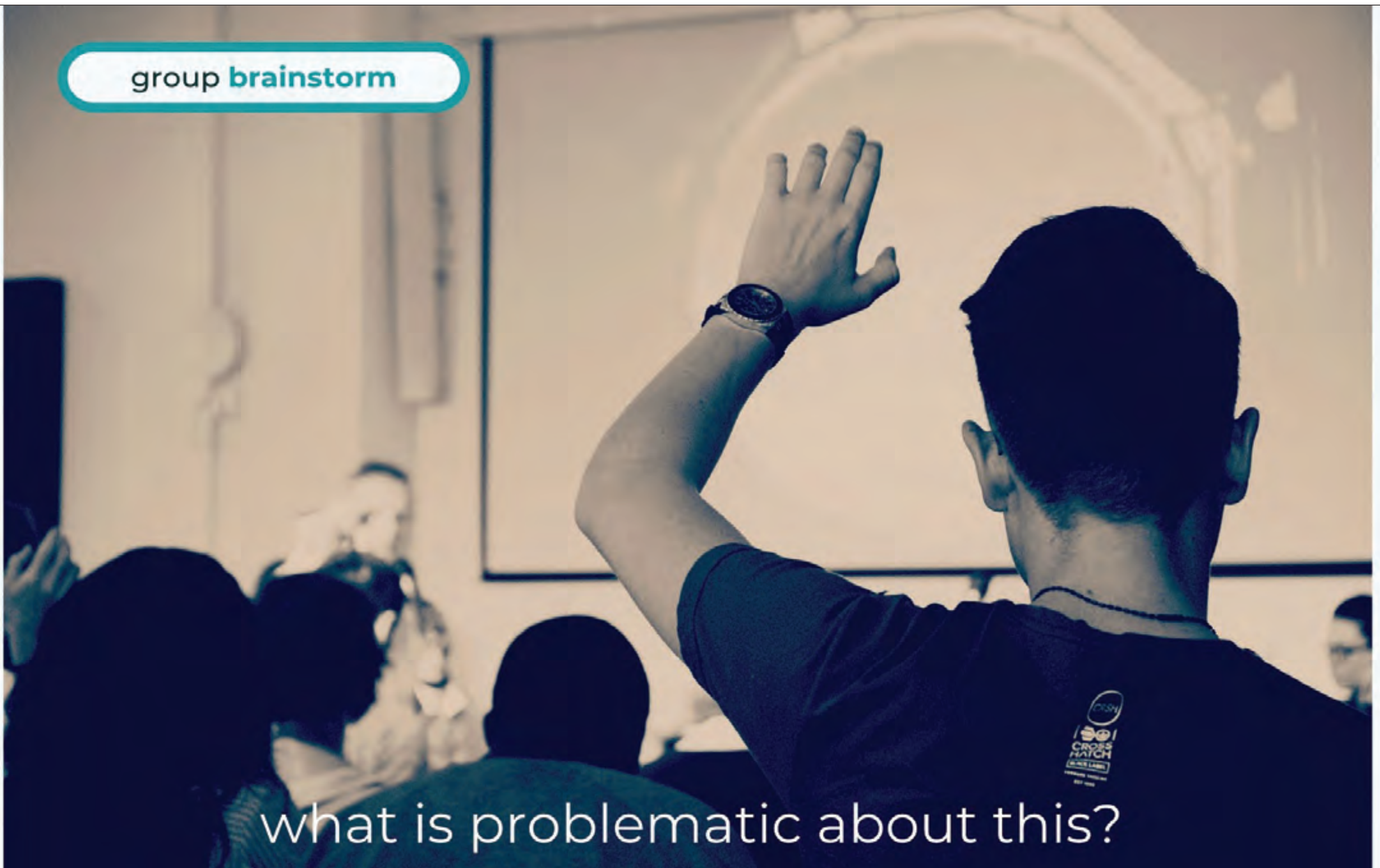
- debt
- minimal potential for advancement, especially financially... especially if they don't want to work in corporate high-volume settings
- the COVID-19 pandemic heightened this for several therapists
  - less pay
  - under-staffing
  - unsafe work conditions
- PTs are disillusioned with profession in general

So... **what do we do** about all of this?

# SOLUTION

In recent years, it has been **commonly assumed** that the only solution to these problems is to go OON with insurance companies.

To the point that many PTs make the assessment that the only **quality PT** out there - and the only way to be a **happy practitioner** - is to not deal with insurance at all.



Common
mistakes or
misconceptions.

## not **all** insurance is created equally

payment options other than fully in-network:

- **hybrid model**
  - thoughtful insurance contract selection
  - cash-based when a contract offers poor reimbursement or limitations
  - cash-based when the medical necessity is met and the patient needs to continue with PT
- **OON/cash model**
  - set your own rates
  - physical therapist + patient determine treatment plan
  - submit a Superbill for reimbursement when requested
  - not limited by medical necessity

## OON practice

**pros:**

- eliminates the need for medical necessity
- works well for an entrepreneur who wants to get started right away and establish a side hustle
- treatment that is supported in the literature is not always compatible with the constraints of the insurance model
- potential to make more money per patient

# OON practice

**cons:**

- perhaps unrealistic expectations of success based on social media / podcasts / mentorship groups
- are we saturating the market with niche practices?
- MD referrals are harder to come by
- are new practitioners missing out on clinical mentorship or experience opportunities?
- it can be hard to market if your community isn't ready, you are not a *part of* the community or people *do* have good insurance

# OON practice

**cons:**

- you might make more $ per patient but you will have to market to more patients to keep your schedule full
- not seeing your own value and not being able to talk to patients about **$** can hinder you from filling your schedule
- harder to scale in some cases
- quality **in-network practices do exist**
  - Outlier PT, Union PT, Salmon Bay, Magnolia PT, Stride PT, etc.
  - these practices do not fit all the typical points made about why to go OON / steer clear of in-network options

Problems arise when we **assume** that the *payment model* is the issue with our profession, our burnout or current work situation.

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OON **myth busters**!!

## OON practice

### myth busters:

- **MYTH:** going out of network is the only way to avoid giving poor quality care, seeing multiple patients per hour, and passing patients off to aides
- **REALITY:** quality in-network clinics do exist!!
- **what this means:** you will need to feel comfortable selling your clinic model + clinical expertise without relying on phrases like: 1 on 1, evidence based PT, hour long appointments, see a DPT, etc.

## OON practice

### myth busters:

- **MYTH:** going out of network will actually be less expensive for the patient
- **REALITY**: OON will save a patient money only *if*:
  - your prices are lower than in-network clinic's negotiated rate with an insurance company **AND**
  - the patient has a high deductible
- **What this means:** OON will be *more* expensive in most cases ... so it needs to be **WORTH IT**!!

# OON practice

## myth busters:

- **MYTH:** the cash model is better for everyone and we just need to convince patients of this
- **REALITY**:
  - it's not for all PTs: depends on that PT's goals
  - it's not for all patients; depends on that patient's priority
- **what this means:** OON generally won't be the right decision for patients whose main priority is cost
  - some will sacrifice quality for a lower cost
  - some simply cannot afford it

# OON practice

## myth busters:

- **MYTH:** going OON is an easier way to start a practice
- **REALITY**: administrative tasks will be easier and you will be able to start up more quickly. **BUT:**
  - you will get patients in the door more slowly than an in-network clinic
  - it will take more time to build your caseload
- **what this means:** you will need to be a better clinician and / or offer something people can't find at an in-network clinic

patients need to value what you do!!

# OON practice

## myth busters:

- **MYTH:** you will see patients for fewer visits
- **REALITY**: your clinical plan of care should not be restricted by your payment model

- **What this means:** you *may* be able to get people better faster using higher-quality care, *but*
  - you are no longer limited by insurance restrictions
  - you can see a patient past the point of medical necessity
  - (we will discuss the POC mindset)

this is how we develop true fans!!

Basics to getting started.

# LOGISTICS

## basics to starting:

- add cash programs into your practice
- POC paradigm shift
- drop insurance contracts that are not worth your time / money
- HIPAA compliance

# LOGISTICS

## cash programs in your practice:

- wellness visits
- personal training
- specialty services
  - Graston Technique
  - myofasical decompression with cupping
  - dry needling
  - etc.

# LOGISTICS

## POC paradigm shift:

- **myth**: we cannot treat beyond medical necessity
  - we can - insurance just won't cover
  - these patients can transition to cash patients
- **myth**: we must treat per the authorization requirements
  - again false - we just have to deal with the pre-auth process
  - these patients can transition to cash patients

# LOGISTICS

## the big issue with the POC argument:

- **when PTs go out of network:**
  - they argue that they will **no longer be restricted** by insurance
- **then, when they advertise to patients:**
  - they are so fearful that people will not want to pay that they advertise the patient will save time (therefore $) because they will only need to see them for a few visits!!
  - so they **self-restrict**

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we aren't worth the money

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  -

so now, we are really telling the patients that:

we aren't worth the money

they don't need us

the OON/cash model **doesn't work** and isn't really the answer!

we have limited our ability to create **true fans**

# LOGISTICS

## be **selective** about insurance:

- drop insurance contracts that are not worth your time
  - pre-authorization requirements
  - excessive documentation
  - jumping through hoops to get paid
- drop insurance contracts that don't pay well

# LOGISTICS

## HIPAA compliance:

- being out of network does not make us exempt from complying with HIPAA
- CMS Covered Entity Decision Tool
- if you transmit (send) medical information electronically, you are considered a **covered entity** and must comply with HIPAA

# LOGISTICS

## HIPAA compliance:

- documentation
- scheduling systems
- use of social media / photos
- device / computer security

# LOGISTICS

## what you CAN'T do:

- just start seeing patients on the side for cash
- take cash for services otherwise covered by Medicare

# LOGISTICS

## what you CAN'T do:

- we cannot **just start seeing patients on the side** for cash
  - this is a breech of contract if you are still in a contract with an insurance company
  - you need to get out of these contracts if you want to be a cash or OON provider
  - once you do that, you cannot also bill their insurance through your individual NPI number, so if you are going to treat in-network as well, you must bill through a group contract (group / type 2 NPI)

# LOGISTICS

## what you CAN'T do:

- we cannot take cash for services otherwise covered by **Medicare**
  - as PTs we **cannot opt out** of Medicare
  - we can be participating providers, non-participating providers or have no relationship with Medicare
  - you may treat these patients for services **not covered** by Medicare such as wellness visits
  - patients can voluntarily state that they do not wish to bill Medicare but you **cannot ask them to do so**

## Criticisms of the model.

What have you heard?

group **brainstorm**

# CRITICISMS

## considerations:

- access issues
- may require niche or specialty practice
- doesn't eliminate all payment related challenges
- may not solve **your** problem

# CRITICISMS

## access issues:

- are you only working with people who can afford to pay out of pocket?
- does this payment model only work in affluent areas?
- healthcare equity
  - economic disadvantages
  - structural racism
  - LGTBQ-related bias + systemic transphobia

# CRITICISMS

## access issues:

- are you only working with people who can afford to pay out of pocket?
- does this payment model only work in affluent areas?
- healthcare equity
  - economic disadvantages
  - structural racism
  - LGTBQ-related bias and severe transphobia
- **higher rates of underlying chronic conditions**

# CRITICISMS

## access issues:

- are you only working with people who can afford to pay out of pocket?
- does this payment model only work in affluent areas?
- healthcare equity
  - econ… …tages

does your business model then **open the door** for you to serve disadvantaged populations?

# CRITICISMS

## specialization:

- often these practices have a specific niche or specialty
  - CrossFit, functional fitness, weightlifting
  - dance, gymnastics, ice skating, diving
  - racquet sports
  - pelvic health
  - hip impingement
  - canine rehabilitation
- frequently, OON practices report seeing patients who have otherwise failed PT
- people will pay for what they want / can't get elsewhere!!

# CRITICISMS

## other $ related challenges:

- your overhead is too high
  - clinic space is expensive
  - staff salaries, payroll taxes, benefits
  - systems like EMR and scheduling
- non-billable hours
  - employees who do not generate income for the company
  - PTs who are paid for admin, paperwork time, etc.
- collection problems
  - you need to eliminate some of the low paying contracts
  - inaccurate coding can lead to denials
  - not billing appropriately per time spent (underbilling)
  - neglecting to inform patients about financial responsibility is problematic

# CRITICISMS

## may not solve **your** problem:

- are you burned out?
  - over-scheduled
  - no control over work hours
  - long commute to work
- do you have the tools to do your job?
  - want to treat CF athletes, but no weights >40#
  - want to offer pelvic floor therapy but no con-edu budget
- do you work in the treatment model you want to?
  - do you want to work 1:1 for an hour?
  - do you not want to use ancillary staff?
- do you want to make more $?
- are you tired of treating patients?
- do you hate documentation?

# Is cash/OON PT for YOU?

Key questions to ask ***yourself***.

# considerations

**ask yourself:**

- is my **market ready**?
- why will patients come to see **me** and pay **money** to do so?
- do I have **what it takes**?
- does going out of network **solve the problem** I am facing?

## considerations

### market ready?

- does my area support the kind of practice I envision?
- are there going to be referrals?
  - do other providers understand and support what I am doing?
  - are there referral sources outside of the healthcare system I can tap into?
- can the patients in this area afford it?
- will the patients be open to not use insurance even if they CAN afford it?

## considerations

### why will patients come to see me?

- niche practice
- community reputation
- *(save money)*
- *(save time)*
- *(1:1 for an hour)*

## considerations

### do I have what it takes?

- clinical skills
- community connections
- ability to sell
- ability to establish true fans

## considerations

### is my problem solved by going OON?

- am I just **burned out** on healthcare in general?
- am I being asked to **treat more than I want to**?
- do I not work with the **patients** I want to?
- am I **underpaid**?
- do I not work in the **treatment model** I want to? (different than *payment model*)
- other reasons?

# Q&A

## Start a PT Practice 101

April 20, 2022

## Grow Your Practice

Summer 2022

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