Disruptive Innovation In Physical Therapy: Part I

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Health care is in dire need of transformation. The system as we know it has been built on a foundation of principles that have conflicting values. Whether it's the reimbursement models or the practice patterns, or both, the concepts of "quality" and "value" have been lost in the mix. What has become the accepted standard of care and delivery has become outdated, and in the midst of it, the patient – the driver of all of this – has been forgotten.

In any other realm, we look to quality and value as two key elements of an exceptional customer experience. A free and open marketplace fosters this. Consumers critically examine cost, quality of service, and results in their decision-making process for just about everything – cars, homes, education, you name it. Except health care.

Patients have learned to accept the gross failures and inadequacies of the health care system. Are patients satisfied with their care? Sure. But are their expectations of this "accepted standard" really at a high enough level? Or are they satisfied with something less simply because they have been told that that is the accepted standard?

This becomes all the more apparent in the world of physical therapy. When there are clinicians proclaiming that "first class service and results" create "the top physical therapy clinic for patient satisfaction" – and then stating that the "average length of stay is 10 visits – guaranteed" – I shake my head in disbelief. When 10 visits per course of care is considered "great care", I have to wonder about what has become the accepted standard these days.

And there is plenty of finger-pointing by the clinicians at the insurance companies. It's their fault for such low reimbursement rates, right? On the surface, there are many instances in which the finger-pointing may be well-deserved. But when you point a finger, as they say, four point back at you. The clinicians are as much to blame as anyone, and much of that has to do with a simple lack of innovation at a far deeper, systemic level. It starts with the clinician, their product, and their means of delivery.

Transformation requires a deeper level of understanding of the systemic problems, so let's start there first.

One of the greatest issues plaguing the system is the intrinsic conflict of interest involved in health care reimbursement models. On one hand, you have a clinician working with a patient to attain an outcome. Hopefully, this is attained with as few visits as possible, thereby providing both quality and value for the patient. On the other hand, that same clinician earns a living based on the number of visits and/or procedures that the patient utilizes. Physical therapy (and health care in general) is driven by a "payment for procedure" model. You bill for the procedures you perform, and since the insurance reimbursement rates are relatively low, the tendency of many clinicians is to utilize whatever number of visits the insurance company will authorize.

For the patient, there is a cost involved. When you start to examine the patient's out-of-pocket expenses for physical therapy, you have to consider three components.

The first is the copay. Copays are rising in all insurance programs – some upwards of $40 per visit.

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The second component is the percentage of the per visit cost that the patient will owe in addition to their copay. It is becoming more common to pay something in the order of 20% of the per visit fee. A cursory search of per visit costs for physical therapy would indicate that a treatment session will traditionally cost anywhere from $120 to $200 per session. Keep in mind that within this total cost are charges for treatments such as ultrasound and other modalities which are not only passive but also have limited research evidence to support their use.

The third component is the cost (and personal value) of the time to attend the visits in the first place. The greater number of visits, the greater the number of personal hours utilized.

There is also another cost – that of rising insurance premiums. Even those people that have traditionally had great insurance benefits (i.e employees of the State of Texas) are watching their copays and deductibles rise for less and less coverage. A greater percentage of the expense is now borne by the employee, and not the employer.

The average patient thus pays somewhere between $64 and $80 per visit. If we factor in the 8 to 10 visits that will be utilized, then the patient is looking at a total out-of-pocket cost of $512 to $800 for an episode of care. Patients will oftentimes blindly resort to their approved in-network provider list. But nowhere does that provider list ensure quality (or value for the expense), nor does it mean that it is ultimately cost-effective or evidence-based.

A step forward is to employ a fee for service model. The patient is paying for the service, and they will (hopefully) seek out clinicians that can provide a cost-effective outcome. There is suddenly a more vested interest in the quality and value of care. The patient can still submit the bill to the insurance company as an out-of-network provider. But again, a per visit cost means that there is still a conflict of interest – between seeing the patient more, and seeing the patient the appropriate number of times for the effective resolution of the problem. It's subtle, but it exists.

Regardless of the reimbursement model, the costs of care continue to escalate. It's a simple theme - charge more, get a greater percentage reimbursed. Price escalation leads to a greater cost to the patient without any specific tangible improvement in the delivery of the service, or the quality of the outcome.

Somewhere in the mix, there needs to be greater quality, greater value, greater efficacy and greater cost-efficiency. If the system is truly going to be transformed, it won't be through simply providing people with insurance coverage. There needs to be a disruptive model, something innovative, something that will truly be patient-centered and foster both the patient's and clinician's role in creating value, growth, and transformation.