



# Declining Physical Therapy Payments: The Problem or a Symptom?

By [Timothy Gendreau](#), Chief Strategist, [The Gendreau Group](#) on April 14, 2015

cave in to hardball tactics and accept lower payments when faced with the

Let's start with a couple definitions:

**Symptom:** A phenomenon or circumstance that is evidence of causality of an effect or problem

**Problem:** An issue or situation that demands attention, and if perceived as sufficiently serious, requires action by an individual, group, organization or society at large, and that may necessitate difficult choices be made

Downward pressure on PT Payments has been increasing, especially from private insurance payers and third party intermediaries. Combined with a seeming willingness on the part of

many physical therapy practices to



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fear of losing groups of patients, this has effectively created – as one PT industry colleague recently described it – a “**race to the bottom.**” It would be difficult for me not to agree with her characterization.

PT Payments have been declining, and doing so despite growing market demand for PTs and despite mounting evidence that PTs can and do contribute significant value to patients and can have a big impact on healthcare costs by preventing unnecessary tests and procedures. How much Payments have been declining, and in what areas, depends on type of practice, patient and payer mix, and other drivers or dynamics. But whatever the sources of this pressure, I think **the issue need a rethink – and fast.**

What I can't understand is that, at a time when almost every other profession or trade – whether in healthcare related or not – are seeing rising salaries, why PTs are being asked to accept less and less for their services? The only two answers that seem to make sense are: (1) PTs don't want to be paid more – and I truly doubt that this is the case, or (2) the value that PTs provide is now worth far less than ever before. But of course, neither of these answers seems reasonable. Therefore, I can only conclude that **declining PT Payments must be a symptom of a larger and more complex problem.**

Evidence suggests that two things are contributing to this larger and more complex problem, and to a general

inability to assess and determine what the true root cause problem is. First, there appears to be a lack unified definitions and shared understanding of key terms such as 'outcomes', 'episodes of care', 'measures', etc. Second, there is either a lack of sufficient facts and data, or it is simply too difficult to find and access data that does exist and that would be helpful in finding, understanding, and properly addressing root causes.

It's hard for me to see why physical therapists, the institutions that educate PTs, or the associations that represent them aren't doing more to accurately identify and address the root cause or causes that are resulting to declining Payments. Instead it seems quite clear to me that, these stakeholders are merely responding to symptoms of the problem – and usually doing so with emotions and tactics, rather than logic and strategy.

So I have to ask: Are PTs simply willing to roll over and accept whatever payers offer, or is the value of PT actually declining?

I don't think so! What members of the PT profession need now is to come together and work on creating carefully thought out strategies,

along with the plans that will be required to implement these strategies?

But what constitutes a “well thought out strategy?” I believe that, assuming PTs could establish a shared and sensible baseline of terminology so that everyone can speak the same language, crafting a well thought-out strategy to address the symptom of declining Payments will require:

1. Root cause analysis to (a) determine the real problem, (b) identify whose problem this is, and (c) assess the true costs of NOT solving that problem.
2. A “whole board” perspective of the problem domain – which means, figuring out who all the stakeholders are that are impacted by the problem – positively or negatively – and determining “what’s in it” for each of them – and not just for PTs, and
3. Identifying the areas of impact or dimensions of concern that truly matter for each of the stakeholders.

Declining PT Payments are in fact a symptom – of PT resignation and perceived powerlessness. **This HAS TO STOP! PT is too valuable a**

**profession and a necessary component of healthcare for this to continue.**

Let’s identify and solve the real problems, not merely react to symptoms. Think it through, get outside help, devote the appropriate resources, and develop the necessary strategies for each stakeholder group and execute on those strategies flawlessly.

**Your practice, your livelihood, and my continued good health will depend on it.**

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Timothy Gendreau with The Gendreau Group will be a featured speaker at this year’s [IPTCA & PTBA Conference](#) titled “Strategies Unencumbered.” During the conference attendees will examine and discuss what it will take to develop the strategies necessary to successfully address declining Payments and payments.