



Physical Therapy Economics: It's Simple

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

The economic principles of PT are really quite simple: Just as with any kind of investment, what we get out of it will depend on what we are willing to invest.



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In October of 2014, [Forbes](#) listed physical therapists as #8 on their list of the most in-demand jobs that require a college degree. And

according to a supply and demand [model created by the APTA](#), the demand for PTs will significantly outpace the supply through 2020 and likely well beyond.

That begs the question: *Why aren't PT Payments increasing rather than declining, which is what you would expect to see in a free market economy?*

The answer to this question can be only one of two things (or some combination): Either the perceived value of physical therapy is declining at a much faster rate than demand is increasing, or something sadly perverse is afoot in the Payments schemes used by Financial Intermediaries (these are also referred to as the Payers, but I see the Payers as the employers, consumers and the government

whose money is being used and the insurance providers are merely intermediaries in that process).

The problem with the idea that the value of PT is declining is that it is simply *not true*. In many situations, PT services have been proven to significantly reduce the overall cost of healthcare for many kinds of patients while simultaneously improving their outcomes.

To address the reimbursement problem, PTs will have to recognize, that due to limitations inherent in current insurance claims handling processes and systems, there exists today no good way to track, view, measure, and effectively compare treatment programs, patient outcomes and the costs incurred to achieve these outcomes.

Another issue: I am not convinced that there exists a group of knowledgeable, sane, and reasonable people who could actually agree on what the measures and metrics should be that will tell us where the optimal intersections of treatment choices, outcomes, and costs are.

As a result, PTs seem to be falling victim to the same perverse economics that are plaguing education in America today. Now, I

am not suggesting PTs are being disenfranchised in quite the same way as our teachers, only that PT practices are increasingly facing funding cuts not dissimilar to what schools and universities have been facing. (Personally I believe that teachers should be as well paid as our brightest CEOs and that our schools should be built as well as palaces.)

What I am suggesting today is this: Funding education is the same as funding our nation's future. And I believe the very same argument can be made for PT, i.e., that investing in PT should be seen as fundamental to well-managed personal health and a well-managed and effective healthcare system.

We are a nation with a rapidly aging population that will increasingly be in need of healthcare services, and many of us will require physical therapy to live well during our senior years. We are also a nation with a large and growing population of military veterans who have or will be returning home with a wide range of ailments and disabilities, many of which will require PT and rehabilitation. We are also a nation that, because of the high costs of healthcare, must be increasingly focused on illness prevention and effective chronic disease

management, not only to improve the quality and longevity of life, but also to reduce the costs and use of an already over-burdened healthcare system.

The economic principles of PT are therefore really quite simple: Just as with any kind of investment, what we get out of it will depend on what we are willing to invest. That's true in education and in healthcare. Physical therapy must be seen and appropriately recognized as a highly effective investment for helping Americans improve the quality of healthcare and the quality of lives, while simultaneously helping us significantly reduce the costs of healthcare – and doing so by placing more emphasis on living better and prevention*, not simply on treating disease and disability.

* Note: The word “prevention” here refers to prevention of unnecessary and ineffective modes of treatment.

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