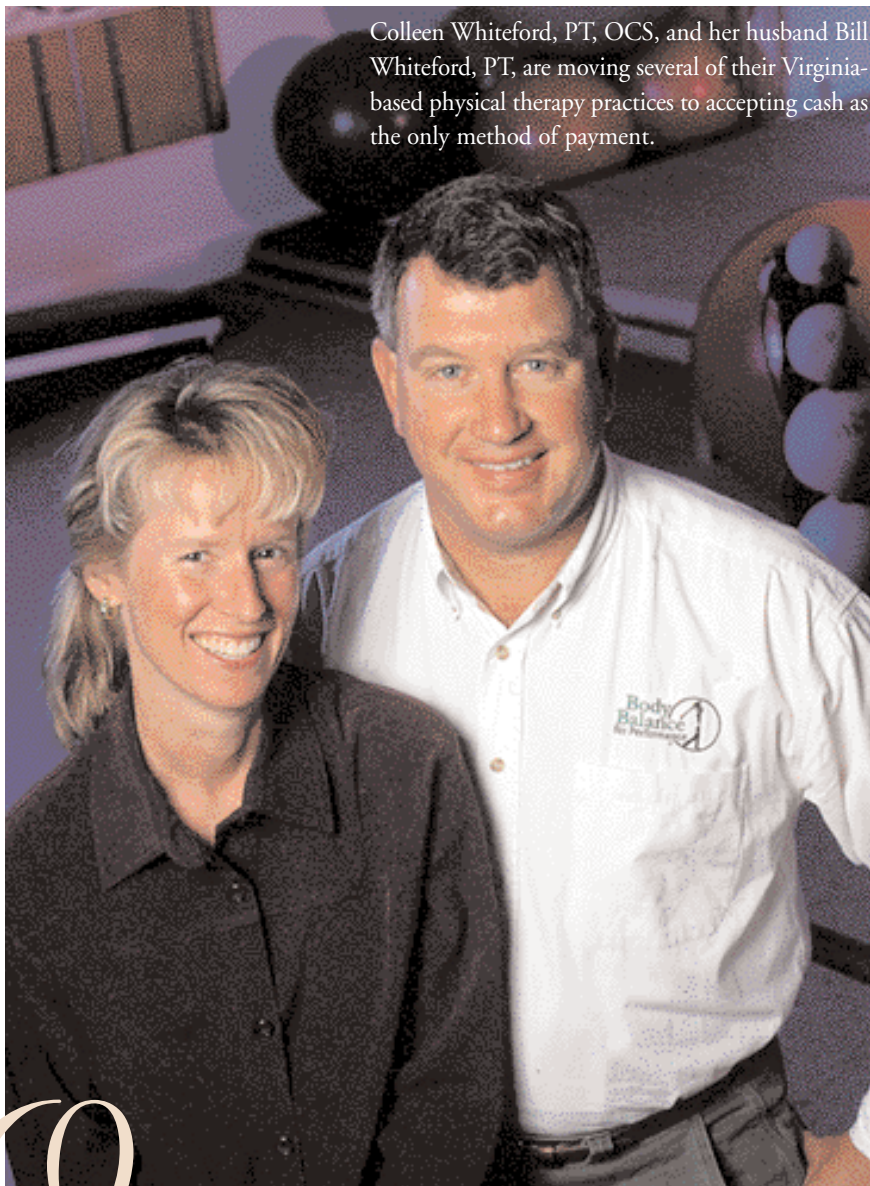




Is Cash-Only  
Reimbursement  
for You?

The idea of reimbursement—a physical therapist (PT) provides care to a patient and the patient provides some form of payment to the PT—sounds simple, but, unfortunately, it rarely is. Reimbursement for services comes in many different forms: fee for service, capitated rates, provider fee schedules, etc. Payment may come directly from the patient or from the patient's insurance company.

The terms of the insurance policy and its resulting payments may be determined by a state agency or by the policyholder. With all of these options, what is best for your practice and your patients? An increasing number of PTs today are moving their practices toward accepting only cash payment for services. Is cash-only the way to go?



Colleen Whiteford, PT, OCS, and her husband Bill Whiteford, PT, are moving several of their Virginia-based physical therapy practices to accepting cash as the only method of payment.

“Our practice has gone through more change in the last 2 years than we had in our previous 14 years of practice. Some of the changes have been good, and others have brought new challenges. You can't make a living waiting for patients to walk in the door and waiting for someone to pay you. We've found that you have to adjust to the changing health care environment,” says Colleen Whiteford, PT, OCS, who, with her husband Bill, co-owns Appalachian Physical Therapy and Fitness Center, a Virginia private practice that has offices in Harrisonburg, Broadway, Lexington, and Richmond.

“When we established our practice, we didn't think all that much about out-of-pocket payment—everything was reimbursed through insurance companies,” Colleen Whiteford says. “But in the past 10 years, money has been getting more difficult to acquire from insurance companies. They've cut payments for services. Some of them have cut payments in half. You have to look at new options. You just can't keep functioning as you did with those kinds of developments around you.”



Colleen Whiteford (left) and a patient at Appalachian Physical Therapy and Fitness Center.

Bill Whiteford, PT, agrees that insurance and reimbursement for physical therapy have changed significantly in the past 10 years and adds that many of the changes have created new difficulties for PTs and physical therapist assistants (PTAs).

“One of the worst things to happen to health care is the idea that we have to manage patients for whatever their insurance will pay,” he says. “But my name is not on the contract between the patient and the insurance company, and I wasn’t involved in those negotiations. Today, health care providers often end up being the ‘bad guy’ when we say, ‘I’m sorry, but you have to pay for this service.’ It’s become very challenging to deal with all the regulations and requirements while providing high-quality service.”

Anita Greenhouse, PT, recently has seen similar developments in reimbursement for services provided at the small private practice she owns on Long Island, New York. “In 1990, I didn’t accept any insurance,” she says. “Over time patients and clients started moving into plans and calling me and asking me if I participated, so I joined the plans. But over the years, reimbursement has decreased, and the administrative work has increased.”

While she has had good experiences with some insurance providers, Greenhouse says that recently some plans seem to be “whittling down the reimbursement rates to where they are ridiculously low.”

In some places, the changes in the reimbursement process are more subtle than direct cuts in reimbursement rates. Cliff Lafreniere, PT, Cert MDT, an administrator with HealthSouth Sports Medicine Rehab in Grand Forks, North Dakota, says the types of changes he’s seen in his rural area are different but still affect how PTs are reimbursed.

“In our market we still have a fair number of fee-for-service plans, which may be somewhat unusual,” he says. “In a rural market like North Dakota, we’ve seen service plans that are sponsored by the local health system. The health system employs more than 90% of the total local physician providers, the only major hospital, and now an insurance plan, devised with a local insurance company’s intermediary. The product limits participants to their system only. This means patients lose the choice of seeing other providers without unreasonable out-of-network penalties. I think when we sacrifice the market-driven con-

cept of health care out of the system, we relinquish our health care system to less-than-optimal performance.”

## Cash-Only as a Coping Strategy

Most PTs agree that when it comes to reimbursement, the world is definitely changing. The biggest question, then, is how to best deal with the new developments?

Instead of relying entirely on insurance reimbursement, Colleen Whiteford says her clinics offer a variety of payment options, including cash and payment plans.

“We will work with anybody. Some people pay for service up front, some pay as they go, some are on a payment plan—and we do file insurance for patients who prefer that. We have our share of HMOs and PPO arrangements, and we work with employers on providing care at the workplace.”

Bill Whiteford understands the necessity of accepting insurance in some situations but also strongly feels that moving to cash is the best thing for their practice. “One of the things we’re working on is getting out of the reimbursement realm and getting into ‘cash payment only’ at a couple of our offices. Our other offices still accept insurance, because if you’re going to practice in certain areas, the market dictates what you accept and what you don’t accept. Some of our offices accept most plans and some accept some plans. We have turned down a lot of contracts. Just because you have a contract offered doesn’t mean it’s something you have to accept. Our services have a base cost, and we have to be able to pay our bills and pay our staff.”

Anita Greenhouse also has turned down some insurance companies’ contracts as one way of coping with the changes, and, while she still accepts some insurance contracts, she also sees cash-only as a viable option for her practice.

“A representative from one of the insurance companies came to my office and told

me that within 30 days my insurance reimbursement would be cut by 40%. I was stunned!" she exclaims. "I understand why some providers are signing contracts at lower rates, because in some markets, you have to have contracts with insurance companies to be able to get referrals. But I couldn't accept the reimbursement rate they were offering me—it was less than the cost of a haircut in a quality salon in my town. I can't provide care for that amount, so I didn't renew the contract. After choosing not to renew, I heard from a lot of the physicians who refer to me regularly, and many of them didn't renew with this company either."

"Instead," Greenhouse continues, "I'm going away from relying entirely on insurance. I'm positioning myself and my practice so that patients feel my services are valuable enough to either pay directly or

use their out-of-network benefits. I want my reputation to be, 'Go to Greenhouse Physical Therapy...you have to pay or file the claim yourself, but you get something for your money.' Being a realist, I do know that where your practice is located can determine if this an option. If you are in a smaller market or a lower-socioeconomic neighborhood, I don't think this would work. I don't know what the answer is for those areas, but there are many areas—including where I practice—where people can pay for care, and I can choose which insurers to work with."

### A Dissenting Opinion

Cliff Lafreniere, in North Dakota, says he is in one of those areas where out-of-pocket payment is not a realistic option, but he has other strategies for dealing with new challenges in reimbursement.

"We'd all love to have patients pay cash," he says. "If you have enough patients and clients in your area to support a practice, then I'm all for it. There are not a lot of people in this market who could pay cash, so we file insurance out of courtesy to our patients and clients, and because we have information insurance companies need. We understand the industry better than our patients and are better able to get reimbursed in a timely manner. At this point, our patients aren't comfortable filing the claims themselves because of their complexity. It is difficult for an ordinary consumer to file a clean claim, so it is more efficient for us to get our money directly from insurance companies."

"Since we have to work with the insurance companies, we work hard to be positive and share with them what we do and how it is of value to our patients and

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## For More Information

**American Association of Health Plans**  
[www.aahp.org](http://www.aahp.org)

**APTA's Reimbursement Department**  
[www.apta.org/reimbursement](http://www.apta.org/reimbursement)

**Checkout on Health Insurance Choices**  
from the US Agency for Healthcare  
Research and Quality  
[www.ahrq.gov/consumer/insuranc.htm](http://www.ahrq.gov/consumer/insuranc.htm)

**Coding and Reimbursement for Outpatient  
Physical Therapy Services Seminars**  
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**Consumer Health Education Council**  
[www.healthchec.org/](http://www.healthchec.org/)

**Coding and Payment Guide for the  
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**US Census Bureau**  
[www.census.gov/hhes/www/hlthins.html](http://www.census.gov/hhes/www/hlthins.html)

clients," Lafreniere adds. "By showing them how our patients are successfully managed, we're educating them about the value of physical therapy. We explain what physical therapy is all about and make sure the care we give is medically necessary and skilled. By building a positive relationship with the companies we work with, we ensure an easier reimbursement process."

Cathy Anastasio, PT, who co-owns (with her husband, Neil) Ridge Physical Therapy in Brooklyn, New York, and is



Cliff Lafreniere advocates for a positive relationship between physical therapists and insurance companies.

APTA's reimbursement chair for the New York Chapter, says there are advantages and disadvantages to accepting insurance instead of moving a practice to cash-only payment.

"Filing claims is something we do for patients," she says. "It helps them, and it helps draw patients to our door. Especially in New York, where we don't have direct access and still need a referral, it can make a big difference. By participating in insurance panels we can expand our referral base. Physicians who find us through our participation in an insurance plan and like our results with their patients will often refer more patients to us."

Anastasio concedes that working with insurance companies also has disadvantages. "The time needed to get authorizations and then bill for services

according to each company's coding specifications is significant. Then we have to follow up on remittances that have been paid incorrectly. All that takes time and increases the cost of doing business. It's not easy."

## Making Cash-Only Work for You

Patrice Winter, PT, MPT, FAAOMPT, has made the change to cash-only in her practice in Fairfax, Virginia. But she does acknowledge that not all practices can realistically stop working with insurance companies altogether, and even if they can, she adds, PTs still need to foster positive relationships with the companies.

"Insurance companies and physical therapy do coexist, and we need to make sure that insurance continues to recognize physical therapy. Most of my patients send their bills in for insurance to be reimbursed, so we need to be recognized by insurance companies as the practitioner of choice for musculoskeletal problems."

"We worked with insurance for the longest time, but about 2 1/2 years ago, I wasn't even breaking even and I figured there had to be a major change or we would go out of business. There was a huge difference between what insurance paid and what my services cost. I couldn't live with that differential. It barely covered what I was paying my therapists, not to mention rent and other expenses. So we revamped the whole office—really reorganized—and decided that our patients would pay for services when they received them. We give our patients the complete paperwork to file for reimbursement from their insurance carriers. The rate of reimbursement depends on their policy with their carrier. Our patients are willing to accept this process to feel better, and I am happy to be able to keep providing care."

But there are disadvantages to not accepting any insurance. "There isn't a



Anita Greenhouse has turned down some insurance companies' contracts and is moving her practice toward accepting cash as the only method of payment.

constant referral source, and I have to work harder to make sure patients can find me," Winter notes. "I rely on my reputation, and I talk with physicians regularly."

Her policy of not accepting insurance is

more than worth the challenges, Winter says. "Because we're not involved in insurance, we can dictate how many patients a day we see, and for how long. We only schedule patients and clients on the hour,

so we spend 45 to 50 minutes with them. I really enjoy the autonomy. Most people in business are asking, 'Are you crazy?' But I tell them that I make enough money to put a roof over my head and care for my children.

"Sure," Winter adds, "It's not a huge money-making venture, but our patients are helped more effectively, and they keep coming back. We also have an environment where none of the PTs are going to get worn out, because we can make our own choices. If you're trying to see 15 patients a day you're going to burn out, and some practices see even more than that. My practice makes me satisfied and fulfilled, because here, one person can make a difference. All of us here feel as if we are making a difference in our patients' lives because we can spend time with them."

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## Facing the Future of Reimbursement

Ensuring continued good relationships with insurance companies does take work, especially if you are moving your practice to accepting only cash, Winter says, but she believes PTs and PTAs are up to the task.

“We have to work with insurance companies and negotiate fair compensation. Through APTA, we also need to encourage research to promote hard data showing that physical therapy is an integral part of people’s recovery and work to get our message across that we need to be recognized. Working toward evidence-based practice shows companies that we’ve done the research, and that we know physical therapy helps patients.”

Winter, who last year was elected to the Fairfax City Council, adds that it is equal-

ly important for PTs to work with elected officials and educate them on how physical therapy is important. “Four or 5 years ago I was tooling along doing my own thing, and I figured if I practiced physical therapy the best that I could, everything would be okay,” she says. “But that’s not the case; we have to take a stand and be a positive voice.”

Lafreniere agrees that being involved is a key to successfully adjusting to changes in reimbursement.

“I heard a great speaker at a private practice conference once,” he recalls. “She said, ‘When the horse is dead, get off.’ I think that’s what’s happening with reimbursement. The way we used to do it is dead. Twenty years ago we didn’t have to communicate with insurance companies; they just reimbursed us. But the world has changed. We have to adjust to the new environment and the new climate that

exists. Now you need to get to know the claims people and approach insurance companies’ medical directors and talk about direct reimbursement. We need to meet with people who do peer reviews, and we need to share our opinions. Individuals may feel as if they don’t have a chance of making a difference, but as an Association we have input. We need to make sure we participate and make sure we get the message out.” **PT**

*To see more suggestions for developing positive relationships with insurance companies, visit the online version of PT Magazine’s January issue at [www.apta.org/publications](http://www.apta.org/publications).*

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## Participate in Hooked on Evidence. Influence the Future of Physical Therapy!

*APTA’s Hooked on Evidence—a national initiative to develop a database on the effectiveness of physical therapy interventions—was designed to give clinicians quick and easy online access to the knowledge available from current research.*

Hooked on Evidence requires “grassroots” involvement from people committed to the future of their profession. Before clinicians can use it to its full potential, studies of physical therapy interventions must be entered into the database.

Please contribute to this critically important project. No special research skills are required. To participate in the growth of the Hooked on Evidence database, we encourage you to join an existing study group of your colleagues or start a new one to:

- ◆ Search the literature on a clinical topic,
- ◆ Retrieve the relevant articles from the peer-reviewed literature,
- ◆ Summarize the data and findings using a structured online extraction form, and
- ◆ Send the review online to APTA for inclusion in the database. APTA will review and coordinate efforts to minimize duplication.

To become a participant or obtain more information, contact David Scalzitti, PT, MS, OCS, APTA’s Associate Director of Research Services, at 800/999-2782, ext 8555. Or visit Hooked on Evidence on our Web site at [www.apta.org/hookedonevidence/index.cfm](http://www.apta.org/hookedonevidence/index.cfm).

*Make a commitment to play an important role in your profession. Participate in Hooked on Evidence. You can help make a difference in how physical therapy is practiced—today and in the future.*