



3 Ways Physical Therapy Contributes to a **Stronger** **Care Network**

Physical therapy is the link that both binds a health system's care network and helps it to grow. As external pressures weigh on hospitals expansion efforts, more systems are investing in their networks. They grow by adding partners like PRN to manage a sector like rehabilitation that is booming with deal activity, growing 45% in volume and 408% in value compared to 2020.



A decorative graphic at the bottom of the page features a thick horizontal bar. The left side of the bar is orange, and the right side is white. A dark blue triangular shape is attached to the right edge of the orange section, creating a wedge-like effect.

Continue to read more about how PRN has the service line management **experience to reduce patient leakage, bolster value-based care, and increase revenue.**

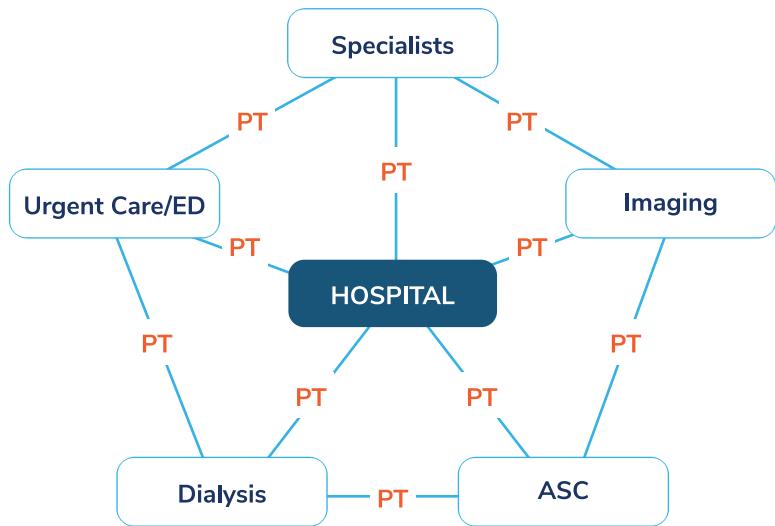
Physical Therapy Reduces Patient Leakage

PT Connects Nearly Every Outpatient Strategy

Physical therapy is the common link that binds nearly every outpatient strategy—from the very beginning of the patient journey to the predictable stops before or after the ED, surgery, or imaging. Yet, most systems are not leveraging PT as a tool to retain patients and control their experience throughout the care continuum.

Most Systems Use 5 – 15 PT Providers

Compounding the lack of control and visibility is the fact that most systems are referring patients out to somewhere between 5 – 15 different PT organizations. This approach results in a wide variation of treatment and experience, care coordination communication breakdowns, and inconsistent patient costs.



Case Study: MemorialCare

MemorialCare in California has prioritized outpatient physical therapy through a JV partnership with PRN and now keeps **98% of their physical therapy referrals in house**.



Mark Schafer,
MemorialCare CEO

The partnership with PRN has changed physical therapy from an outside expense to a revenue stream while ensuring strong quality, better service, and ease of access for our patients.

Direct Access Allows Patients to Bypass Primary Care

Nearly all 50 states allow patients direct access to PT, with 20 states that allow unrestricted access, 27 states have small provisions, leaving only three states that limit direct access. Direct Access is approaching 10% in many PRN markets—and it's rising.

A partnership with one physical therapy partner helps systems align the priorities of its inpatient and outpatient network, **resulting in:**

- » Improved coordination and communication
- » Consistent care protocols
- » Simplified cost management
- » Patient convenience
- » Brand awareness

Value-Based Care

Control the Patient Experience

PT can have an enormous impact on your efforts to lower readmissions, improve outcomes, and lower cost of care. Other significant gains include:

- » **Control** speed/access to physical therapy especially after surgery/injury
- » **Enable** strategic coordination and care plan adhesion
- » **Eliminate** variations in treatment
- » **Deliver** one high-value patient experience
- » **Eliminate** challenge of cost-management

Case Study: Fighting Pain with PT Access

UnitedHealthcare Fights Pain by Removing Barriers to Access Physical Therapy. In select markets, UHC is encouraging patients who choose physical therapy or chiropractic care for the treatment of lower back pain by waiving the deductible.

UHC Physical Therapy/Chiropractic Care Goals:

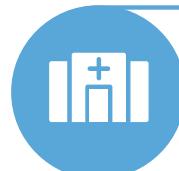
- » Reduce spinal imaging tests by 22%
- » Reduce spinal surgeries 21%
- » Reduce opioid use 19%
- » Lower the total cost of care

Increase Revenue

Revenue: Similar to the ASC footprint

Compared strictly by same-store-sales, PT does not seem as profitable as outpatient services such as surgery, imaging, and dialysis.

However, it is important to remember that while the average system might have just three ASCs, it will likely have 15-20 PT clinics. Shown side-by-side, the two outpatient strategies can deliver similar revenue.



SURGERY CENTER:
Average Revenue: \$5MM
3 centers = **\$15MM**



PHYSICAL THERAPY:
Average Revenue: \$750,000
15 clinics = **\$11.3MM**

Capital Cost: Lower than any Other Outpatient Strategy

The average cost to open a physical therapy clinic is \$200,000. That number includes the cost of a retail location, equipment, and working capital. This number is dramatically lower than other outpatient strategies.

Average cost to open a surgery center:
\$5MM

Average cost to open a PT clinic:
\$200,000

Speed to Value:

Physical therapy is the original retail strategy. Clinics can be rapidly deployed in the time it takes to secure a retail location and hire staff. After the market research has been completed, the entire network can be built out in as little as 18 – 24 months.

Time to open a PT clinic:

4 MONTHS



YEAR 1

Time to build an entire network:

18-24 MONTHS



YEAR 2

The Health System/PRN JV Model

We believe a joint venture partnership model drives mutual, long-term success by aligning the interests of all parties. With physical therapy, we utilize the same successful 3-way joint venture model developed for surgery, urgent care, and other ancillary services. Our expert service line management experience brings cost efficiencies and speed to scale the health system network.



PRN At a Glance



All metrics reported for Q1 2022

About PRN

Founded in 1991 in Carlsbad, Calif., Physical Rehabilitation Network (PRN) is a privately held physical therapy care provider and comprehensive practice management organization providing non-clinical, administrative support services to physical therapists at more than 180 clinics across 16 states in the western and central portions of the U.S.