**After School Physical Therapy Program (ASPT)**

**Business Partners**

Chelsea Parker, PT, DPT, PCS

Kelly Walsh, PT, DPT, PCS

**Introduction**

We are two pediatric certified specialist physical therapists with 10 years of experience between the two of us. We are beginning a pediatric physical therapy program in order to provide outpatient services to children in the school setting during after school hours. Our program will be at Estes HIll Elementary School in Chapel Hill North Carolina and will run 3 days a week for the duration of the school year. This program will be run and funded by a large-scale, not-for-profit outpatient physical therapy clinic that offers neurological, pediatric, and sport physical therapy. We are excited and devoted to this program as it will provide an accessible way for parents to ensure their children are getting their physical therapy needs met.

**Objectives**

1. Provide top-notch, evidence based physical therapy services
2. Facilitate social support for happy, healthy children
3. Make therapy more readily available to children whose parents are unable to transport them to the outpatient clinic due to a conflict with working hours

**Mission Statement**

In an after school care setting, provide compassionate, evidence based outpatient physical therapy services to children with developmental, neurological, and/or orthopedic needs in an after school care setting who are restricted in their access to care by lack of transportation or financial resources.

**Description of Services**

Our Physical Therapists are dedicated to evaluating and treating children with motor skills deficits. Physical therapy services include increasing strength and range of motion, helping to reach developmental milestones such as walking, crawling, sitting, and standing as well as assessing the need for orthotics to increase quality of life for your child. Our outpatient Physical Therapists will provide services unique to those offered through school based Physical Therapy.

**Keys to Success**

* Strong, open lines of communication with school and parents
* Keep patients interested and excited about therapy
* Involve parents to ensure that PT carries over to functional activities in the home
* Parental education on the strengths and differences of both school-based physical therapy and outpatient physical therapy services
* Promote the field of physical therapy for developmental disorders and injuries in children

**Environmental Analysis**

There are many strengths of the After School Physical Therapy program (ASPT) program including: the evidence-based practice of therapy services, the provision of convenient access to pediatric physical therapy, the non-profit structure that leads to reduced fees and improvements in the program with excess profits and the support from the school. This program also promotes socialization with other classmates, both receiving therapy and those in after-school program as well as providing the opportunity to educate parents and the public on the differences between school-based physical therapy and outpatient physical therapy.

The challenges the program will need to overcome include: the limited hours available to offer therapy services and the difficulties justifying to parents the need for outpatient treatment in addition to school-based physical therapy. Parents will also be required to pay for the after-school program if their child is not previously enrolled and the parents of children receiving therapy may have difficulty being as involved as desired since the program operates during typical working hours. Equipment will also have to be either transferred daily or stored somewhere within the school.

There are also many opportunities available for the future of ASPT including the expansion of the program to additional schools, community outreach programs, expansion of the private practice that owns the program, and promotion of the field of pediatric physical therapy.

Threats to the ASPT program include the potential issue of facility availability, push-back from school-based physical therapists and the potential limited number of children attending ASPT.

**Ownership and Organizational and Legal Structure**

ASPT is a not-for-profit program established through a privately owned, not-for-profit clinic. It will work under mutual accommodation. Decisions and coordination of work will be determined by interactions between the two therapists providing therapy services through ASPT.

It will function using a bureaucratic structure in which the privately owned clinic will serve as the owner of the program, one therapist will be the director of the program (Chelsea) and the other therapist will be the manager (Kelly).

**Program Values**

* Quality: top-notch, evidence-based treatments provided by licensed physical therapists
* Compassion: care and understanding of patients, families and their socioeconomic status
* Accountability: providing therapy in a timely, prepared and professional manner
* Community Health and Wellness: promoting increased health and wellness to the surrounding community
* Altruism: unselfish concern for the welfare of patients and families
* Integrity: maintaining moral and ethical principles in all forms of practice

**Personnel Requirements**

Two physical therapists employed by the privately owned practice will evaluate and treat children with genetic, neurological and orthopedic disorders in a local elementary school according to the American Physical Therapy Association Practice Act. These two therapists will work from 3:00- 6:00 PM at the elementary school and will have the option of supplementing those hours at an outpatient clinic.

**Geographic Location and Facility Requirements**

The privately-owned clinic is located in Orange County, North Carolina. The ASPT program will be located at Estes Hill Elementary, a school in Orange County within 15 miles of the clinic. The facility will be required to have an established After-School program in which children receiving therapy services can attend when not in therapy. The school will also be required to have space, such as a gymnasium or dance room, available for rent.

**Hours of Operation**

Therapy services will be offered from 3:00-6:00 PM, Monday, Wednesday, Friday during the calendar school year. Therapy through the ASPT program will not be offered on days that school is not in session.

Hours of operation can be altered based on demand and budgeting requirements.

**Market Analysis**

In order to complete a thorough market analysis we performed a competitor analysis, received consumer feedback and determined the market trend.

For the competitor analysis we identified other pediatric physical therapy clinics in the area in order to determine how great of a potential demand there is for our services. We identified those clinics strengths and weaknesses and determined that due to the location of our clinic and our not-for-profit pricing we present a competitive and feasible option for parents of children receiving therapy.

The consumer feedback was obtained by speaking with school-based physical therapists, families and parents of patients from the outpatient clinic. These people felt this program had the potential to be successful and convenient.

The market trend was determined by finding out the percentage of children in need of outpatient physical therapy as well as the percentage of children that have difficulty attending physical therapy due to limited transportation. These statistics, once again, found that this program would be beneficial to many of Orange County’s children requiring physical therapy services.

**Marketing Strategy**

We plan to implement our marketing strategy through a number of outlets. We will advertise to families that receive therapy services at the outpatient clinic that owns the ASPT program. We will place an ad for ASPT in the school newspaper. A strong relationship with the school-based physical therapists will be developed in order to receive recommendations and referrals to the ASPT program. We will advertise at doctor’s offices through posters and referrals by forming relationships. Finally, we plan to perform joint advertising with the after-school program.

**Personal Capital/Contribution**

Community health and wellness events will be scheduled for up to one year prior to the start of the ASPT program in order to raise funds. These events will include things such as a family fun run, bake sale and a massage day provided by the physical therapists at the clinic. The remaining costs will be covered by the private outpatient clinic that owns the ASPT program. The company is expected to be able to fund up to 50% of the costs required for the first three months of the program.

Massage Day: Non-professional massages will be administered by Physical Therapists at the clinic one Saturday a month for the 12 month period leading up to the start of the school year. Half hour massages will be a $15 charge. If an individual chooses, they can purchase a one hour massage for $30. All members of the community are welcome to participate in these massage days.

* If the clinic can fill 8 half hour slots each Saturday, profits will be $1,440 in one year.
* If the clinical can fill all slots (12) each Saturday, max profits will be $2,160 in one year.

ASPT Family Fun Run: All members of the community are welcome to participate in the ASPT Family Fun Run. The cost of running will be $10 and if the participant would like a T-shirt their total cost for the race and t-shirt will be $20.

* Due to the prevalence of active individuals and families in the Chapel Hill area, it is safe to assume that with proper advertising the Family Fun Run will draw in 300 participants.
* Advertising for the event will include word of mouth, bulletins in the community, handouts in public areas as well as handouts given out in public areas by employees of the practice supporting the ASPT program.
* Cost of T-shirts with “ASPT Family Fun Run” and running logo run will be $6.26 each for an order of 150 or more. It was estimated that ⅔ of participants of the run will also want T-shirts to remember their 5K experience.
	+ Custom Ink Estimate: <http://www.customink.com/lab?PK=04658>
* 300 participants x $10 race fee = $3,000
* 200 patients x $10 t-shirt fee = $2,000
* $5,000 - (200 t-shits x $6.26 per t-shirt) - $100 advertising - $100 for water cups, cones, and race tape = $**3,548 profit**

Bake Sale: A bake sale will be held during the ASPT Family Fun Run. All items will be $2 and additional donations will be accepted. Employees of the practice supporting the program will be expected to bring snacks/baked goods for 30 people (there will be at least 8 total employees at the over-arching practice). Additionally, the ASPT therapists (Chelsea and Kelly) will be responsible for obtaining support from local businesses including asking for food donations for the bake sale. Businesses willing to contribute will be given a table for their items.

* With the low estimate that only 100 individuals will want to buy bake sale items following the run, the profit from the bake sale will be at least $200.

With the aforementioned fundraising activities, the goal of raising 50% of the 3-month start up cost will be met and ASPT will be able to start the coming school year!

3 Months Start-Up Costs:

|  |  |
| --- | --- |
| Capital Expenses | $1,500.00 |
| Salary | $6,750.00 |
| Rent | $305.00 |
| Insurance | $350.00 for the year  (in advance) |
| FICA Taxes | $614.25 |
| Marketing | $250.00 |
| Travel Expenses | $252.00 |
| TOTAL | $10,021.25 |
| EXPECTED COMPANY CONTRIBUTION | ~$5,000.00 |
| EXPECTED PROGRAM CONTRIBUTION | ~$5,000.00 |

**Capital Budget**

|  |  |
| --- | --- |
| Equipment  | Price  |
| J-Fit Therapy Ball  | $27.95 |
| Medline Wedge  | $120.00 |
| Poly Spot Markers | $44.00 |
| KB Quick Step Agility Ladder  | $24.95 |
| Champion Sports Bean Bags Set | $37.03 |
| Sensory Toys | $20.00 |
| Great Mats Floor Mat x 2  | $149 each, $298 for 2 |
| Basket (to hold materials) | $32.00 |
| Clinton Box Set  | $282.00 |
| Gaiam Trampoline  | $100.00 |
| HP Wireless Printer | $100.00 |
| Printer Paper (5 reams) | $50.00 |
| HP Ink Cartridges  | $15.00 |
| Cleaning Supplies | $50.00 |
| Medical Supplies (includes First Aid Kit, Burn Kit, Bloodborne Pathogen Kit, athletic tape, medical tape, fast acting ice pack, etc)  | $200.00 |
| TOTAL: | $1400.00 (before tax) ~$1500.00 with tax added  |

**Annual Operations Expense Budget**

 Fixed Costs

* Salaries: $17,812.50/year
	+ PT’s will not be compensated for travel time. The PT’s will only get paid for the 3 hours they are administering services.
	+ Assuming both PT’s make $60,000/year they make approximately 31.25/hr x 3 hours per day x 95 working days x 2 PTs = $17,812.50
* Rent: $2,422.50/year
	+ The dance studio will be rented for 3 hours/day for 95 days out of a year (calculated from school calendar).
	+ <http://cs.wcpss.net/index.php?route=cucontroller/cu_fees>
* Insurance: $350/year
	+ Property Liability Insurance
	+ All other insurance needs will be covered by the business because both PT’s work for the over-arching business

 Variable Costs

* FICA Taxes: $1,620.94
	+ Social Security- 6.2% of employee incomes
	+ Medicare - $2.9% of employee incomes
* Office Supplies: $200
	+ Printer Cartridges (black ink only): $15 every other month, $90/year
	+ Printer Paper: $50/case (includes 6 reams)
	+ Clipboards and pens supplied by therapists
	+ Miscellaneous: $50/year
* Medical Supplies: $200
	+ First Aid Kit
	+ Burn Kit
	+ Bloodborne Pathogen Kit
	+ Athletic Tape
	+ Medical Tape
	+ Fast-acting Ice Pack
* Marketing: $500
	+ Posters (8) - ~$70
	+ Small flyers for student folders (one per semester): ~$400
		- There are approximately 558 students at Estes Hill Elementary
	+ Small paper flyers throughout the school (covered with printer, printer paper, and ink costs)
	+ No newspaper found for Estes Hills Elementary school, but will talk with administrators about an advertisement on their website - a “perk” for the school for offering our services on campus.
* Petty Cash: $500
* Travel Expenses: $750
	+ PTs will carpool to the school with all of the equipment in the back. All equipment should fit in a standard sized SUV with the back seats put down.
		- The amount of individuals owning an SUV has risen significantly over the past two years  <http://www.nytimes.com/2014/07/25/business/sales-of-big-suvs-pulling-the-weight-at-general-motors.html?_r=0>
		- If neither PT owns an SUV, a truck will fit all of the equipment, or the therapists will take two cars - there is extra room in the travel expenses budget to accomodate.
	+ Average gas price: $3.50/gallon
	+ Average SUV runs 17mpg
	+ Clinic will be no more than 17 miles from the school
	+ $7 in gas round trip x 95 days of work = ~$665
	+ $85 for two oil changes per year
* Cleaning Supplies: $50
	+ To comply with OSHA standards
* Equipment: $1400

TOTAL ANNUAL EXPENSES FOR 1ST YEAR: $25,805.94

TOTAL ANNUAL EXPENSES 2ND YEAR AND THEREAFTER: $24,405.94

**Annual Revenue Projections**

Within the first year of the ASPT program, there are 95 total days available assuming the program functions three days per week during a typical nine month school year. Since there are six available appointment times per day there will be a total of 570 possible units of service. With 70% productivity, it is projected that there will be a total of 399 units of service administered in the first year. It is safe to assume a 70% productivity rate for the first year due to a reduction in cancellations and no-shows attributable to the children already being at school where their physical therapy services will take place.

399 UOS x $63.55= $25,356.45

Once the productivity has increased to 80% (within the second year of the program) the units of service will increase to 456.

456 UOS x $63.55= $28,978.80

**Payer mix**

The ASPT program will abide by contracts with insurance companies as set forth by the overarching Physical Therapy practice. The following insurance companies will be included:

* Medicaid
* BlueCross and BlueShield of North Carolina
* Aetna
* United Healthcare
* TriCare
* Humana

Medicaid will be the primary insurance company used by our patients due to a high prevalence of developmental disabilities and lower income families.

**Estimated Collection Rates**

Collection rates have been estimated from the Medicaid Physician Fee Schedule since Medicaid will be our most common payer. Table 1 shows the Medicaid Physician Fee Schedule of codes that ASPT will be using. ASPT’s fee schedule is listed in Table 2.

Assuming each hour of treatment will yield three reimbursable units, (97140, 97110 and 97116 being the most common) the average collection rate per unit of service will be $63.55.

These three codes are ideal for pediatric physical therapy because typically there is stretching and mobilization followed by strengthening then functional activities to end treatment. It is important to keep in mind that treatment will differ between children based on their needs so this collection rate is an estimate based on the average child receiving therapy.

Table 1:

|  |  |  |
| --- | --- | --- |
| Medicaid Code | Service | Fee |
| 97001 | PT Eval | $56.55 |
| 97002 | PT Re-eval | $30.27 |
| 97010 | Modality application (hot or cold pack) | $3.68 |
| 97110 | Ther-ex | $22.67 |
| 97140 | Manual Therapy | $21.03 |
| 97112 | Neuromuscular Re-ed | $23.31 |
| 97116 | Gait Training | $19.85 |

Table 2:

|  |  |  |
| --- | --- | --- |
| Medicaid Code | Service | Fee |
| 97001 | PT Eval | $62.21 |
| 97002 | PT Re-eval | $33.30 |
| 97010 | Modality application (hot or cold pack) | $4.05 |
| 97110 | Ther-Ex | $24.94 |
| 97140 | Manual Therapy | $23.13 |
| 97112 | Neuromuscular Re-ed | $25.64 |
| 97116 | Gait Training | $21.84 |

**Productivity Estimates**

The first year of the ASPT program is conservatively estimated to have a 70% productivity rate to account for a slow startup before the schedule becomes full.

After the first year, productivity rate is expected to increase to 80%. No shows and cancelled appointments should be minimal as the children are already at the school during the day and need only to stay there in order to receive therapy. Our market study showed a high need so maintaining a full schedule will be feasible since there are only 6 available appointments per day for 3 days per week and there are many more children in the elementary school that require skilled outpatient physical therapy services.

**Break-even analysis**

Break Even Quantity: Fixed Costs/(Price - Variable Cost per UOS)

* UOS as used here refers to one patient visit (a one hour long treatment session with a child with an expected average of 3 billable units costing an average of $63.55 for the UOS)

1st Year Break Even Quantity:

* Fixed Costs: Salary ($17,812.50) + Rent ($2,422.50) + Property Liability Insurance ($350)  = *$20,585.00*
* Price: Average price of visit expected to be $63.55
* Variable Cost per UOS
	+ Total Variable Cost: $5,220.95
	+ Estimated UOS in 1st year = .70\*570 = 399 UOS
	+ Variable Cost/UOS = $*13.08*
* BEQ = $20,585/(63.55 - 13.08) = 408 UOS

2nd Year Break Even Quantity:

* Variable Cost per UOS
	+ Total Variable Cost: $3,820.95 (do not need to buy equipment again)
	+ Estimated UOS in 2nd year (and thereafter) = .80\*570 = 456 UOS
	+ Variable Cost/UOS = 3,820.95/456 = 8.38
* BEQ = 20,585/(63.55-8.38) = 374

It will take approximately 9 extra units of service in the first school year to break

even. This means the business will take a hit for the first year of operation of

about $571.95. The business this program is ran by is non-profit, however, being a big organization they should be able to spare this money with their profits (since all the money has to go back into the business), and in the second year of the program there should be a profit of approximately $5,211.10 to give to back to the practice for work on another project or to spread the program to a second school.

**Outcome Assessment Strategies**

A number of outcomes assessments can be used in determining the success of ASPT. One simple measure to look at is the break even point. If it appears the program is on target with the calculated break even point there is little cause for concern over the longevity of the program. However, if it appears the break even point will be delayed for over 2-3 months there will be a mandatory meeting involving the Program Director, Program Manager, Vice President of Operations, Owners of the Private Practice, and financial advisors of the private practice to discuss the future of the program.

Productivity rates and profit margins will be monitored on a monthly basis. If there is cause for concern, a meeting as previously described will take place.

Another assessment tool to be used by the ASPT program will be Patient/Parent satisfaction surveys. The program is meant to be a service to the community. If the recipients of these services are not pleased with program, there is little reason to continue operating.

**Information Management System**

ASPT will be using the same information management system as the outpatient clinic, WebPT. By utilizing an electronic documentation system, ASPT will be able to document, bill and function in the elementary school the same as if the patients and therapists were located within in the clinic. WebPT allows therapists to document, schedule, manage the practice, monitor compliance and bill. Since this program has already been purchased by the clinic there will be no additional costs.

**Regulatory Requirements**

All program employees are HIPPA and OSHA certified. OSHA requirements will be met by ASPT by bringing cleaning supplies necessary for all safety and health precautions. The school facility that is being rented for therapy services will be compliant with all of the requirements established by the American’s with Disabilities Act and the Individuals with Disabilities Education Act.

**Insurance Needs**

Professional liability insurance will be covered through the private practice that owns the program. Property liability insurance will be $350 per year and has been factored into the annual budget. Other insurance needs are covered by the private practice since both therapists working within the program are practice employees.

**Exit Strategies**

Based on monetary calculations, it has been determined that the ASPT program will not break even by the end of the first school year. ASPT financial results will be monitored monthly. If the program is not at least breaking even within one month into the second year, the hours of operation will be altered to increase income. If the program is offered five days per week for 1-2 hours per day availability for treatment will be increased and the rental fees will be decreased. In addition to altering the hours, community outreach health and wellness events and fundraisers will be implemented. If by the completion of the second school year, ASPT is not breaking even, the program will be discontinued and standard outpatient pediatric physical therapy will be continued in the clinic.

If one of the current employees decide to discontinue participation in ASPT, another pediatric therapist from the private practice will take the position or a new employee will be hired if the practice is financially capable. The remaining therapist will step into the position of highest ranking (director) and the newly acquired therapist will take on the role of manager. If no therapist expresses interest in participating in the ASPT program, the overarching not-for-profit physical therapy practice will be responsible for creating a new community outreach program.