

# Sport & Wellness Physical Therapy

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## **Chapter 1: Operations**

### **1.1 Description**

Sport and Wellness Physical Therapy is an outpatient clinic focused on serving--non-exclusively--an athletic population with pre-habilitation and rehabilitation of orthopedic conditions in Charlotte, NC. The clinic is proposed to begin operation in January 2015 and will be owned and operated by Lauren Diamond and Susie Williams with an equal share.

Sport and Wellness Physical Therapy will be located within a health center in order to have a surplus of equipment and space readily available and to provide a transition period location between therapy and return to sport/daily activity. Sport and Wellness Physical Therapy will incorporate the services of licensed physical therapists, certified personal and athletic trainers, certified strength and conditioning coaches, licensed nutritionists, and licensed massage therapists in order to combine wellness and physical conditioning when creating a balanced and healthy lifestyle.

### **1.2 Objectives & Description of Services**

- Provide pre-rehabilitation for surgical candidates to improve recovery time and ease post-surgery recovery
- Provide physical consults for pre-season athletes to assess their movement pattern and have baseline measurements in case of seasonal injury
- Provide physical therapy services to the public of Charlotte, NC in a well-respected gym facility
- Provide gym memberships with strength and conditioning coaches, personal trainers, nutritionists, and massage therapist available for added support.
- Provide shoe consults for patients as well as walk-in patrons to promote wellness and proper shoe wear for everyday and athletic activity
- Provide wellness services for patients after completion of physical therapy to continue to make functional gains
- Hold quarterly seminars for previous patients and the general public to inform attendees on prevention techniques, common injuries, and overall health improvements

### **1.3 Mission Statement**

Sport and Wellness Physical Therapy provides personalized, highly-skilled physical therapy services and professional, informative wellness services in an encouraging and supportive environment. We want you to feel relaxed and comfortable at our facility, and look forward to working with you to foster your wellness and recovery from injury or illness.

### **1.4 Vision Statement**

Sports and Wellness Physical Therapy will be recognized as a leader in physical therapy practice, providing cutting edge, state of the art, evidence based physical therapy. We will expand our practice to include personally owned facilities with a multidisciplinary approach.

### **1.5 Keys to Success**

- Professionalism: to include, but not limited to, maintaining confidentiality, keeping licenses renewed, and maintaining appropriate boundaries between clients and therapist
- Individual Attention: Sport and Wellness Physical Therapy will provide extra effort to customize each client's experience to his or her preference

- Recommendations and Recurring Patients: Sport and Wellness Physical Therapy will give superior personal service with intentions that our clients will recommend us to friends, family, and to other health professionals as well as return to our facility as needed.
- Other keys to success:
  - To keep overhead low
  - To ensure professional marketing and presentation of services
  - To provide an active and functional website

## 1.6 SWOT Analysis

### 1.6a Internal Factors

- Strengths
  - Location and access to equipment and facilities will enhance Sport and Wellness Physical Therapy capabilities to treat patients with the most diverse and effective approach
  - Location is easily accessible for the target population
  - Integration of multidisciplinary healthcare professionals
  - Specialized wellness education opportunities for the community
  - 45-minutes of personal care dedicated to each patient/client
  - Patient centered and evidence based intervention
  - Use of Focus on Therapeutic Outcomes Inc (FOTO) for outcome measures
- Weaknesses
  - Closed operation on weekends and holidays
  - Small staff leading to a smaller patient/client load
  - Cost of sharing space and equipment with a gym limits total profits
  - Owners level of experience is low
  - Employees are only English-speaking
  - Limited support and sponsorship of the medical community

### 1.6b External Factors

- Opportunities
  - Tax breaks for small businesses
  - Easing up of legal restriction in regards to direct access for physical therapists
  - High concentration of an active population
  - Potential to work with school and professional teams
  - Health care reform is pushing towards preventative health
  - General US population is becoming more health conscious
- Threats
  - Mandatory health insurance coverage for employees
  - State budget deficits impacting funding of schools and possibly creating higher taxation rates, cutting into profits
  - High rate of competition among similar clientele focused physical therapy clinics
  - Insurance not reimbursing for direct access

## 1.7 Consultant Needs

- Business Consultant
- Lawyer
- Certified Public Accountant/Financial Advisor

### ***1.8 Organizational and Legal Structure***

Sport and Wellness Physical Therapy will be a limited liability company (LLC) with equal dual ownership between Lauren Diamond and Susie Williams. Sport and Wellness Physical Therapy is a private, for-profit physical therapy clinic. Employees of the company will include two physical therapists (the owners), a physical therapy assistant (PTA), a physical therapist's aide, a receptionist, and a financial advisor.

Sport and Wellness Physical Therapy will hire an attorney to draft the articles of organization, which will be reviewed by the owners, and the operating agreement addressing the ownership percentages, voting rights, and the buy/sell agreement. When one owner plans to exit the business, selling will be offered to internal investors prior to being available to external buyers. The internal investors shall have a 30-day period to decide if buying. If internal investors are buying the rights to the company, they will be required to pay 70% of the purchasing price at the time of sale and will be contracted to pay the remaining 30% over a period of 18-months. The value of the company at buyout will be evaluated by an external CPA. Sport and Wellness Physical Therapy will participate in annual leasing from a health center. If the center requires a long term agreement (> 1 year), we will establish a written agreement that will allow subletting of the space if the company needs to implement an exit strategy if the company does not succeed.

### ***1.9 Description of Organizational Culture/Values***

#### ***1.9a Organizational Culture***

- Mutual Accommodation
- Standardization through use of outcome measures and evidenced based practice
- Employees encouraged to pursue a specialization certification and be active members in the APTA

#### ***1.9b Organizational Values:***

- The clinic will abide by the laws and regulations of the local community, the state and federal governments, with regard to all of its operations
- The clinic will be managed to provide the highest caliber of service to both patients and participating medical professionals
- The clinic acknowledges the intrinsic value of the individual, and pledges itself to behave toward each patient, practitioner, and employee in a manner which honors and promotes his or her dignity and value as a person
- The clinic will not discriminate in its treatment of any person or group of persons, on the basis of race, gender, national origin, or religious affiliation.

### ***1.10 Personnel Requirements***

- Owner/Therapist (2)
  - APTA state board certified and PT licensure
  - CPR/First Aid
  - Physically able to perform job duties
- PTA
  - PTA licensure and state board certified
  - CPR/First Aid
  - Physically able to perform job duties
- Aide/Tech
  - High school graduate
  - Complete on-site training prior to patient interaction
- Receptionist

- High school graduate
- Shows personable traits and demonstrates professionalism
- Knowledgeable of Microsoft Office programs and competent in basic technological processes
- Accountant/Financial Manager
  - CPA certified
  - 2 years experience
- Lawyer
  - Board certified
  - Specialized in Healthcare legal structure
  - 3 or more years experience in a health-care law firm
  - Potential for strategic and critical thinking, strong presentation and relationship building skills
  - A desire to work in a team environment with an ethical, client focused approach to legal practice

### *1.11 Job Descriptions for Key Participants*

- Owner/Therapist (2)
  - Diagnose patients' dysfunctional movements using APTA standards
  - Set up a plan for their patients, outlining the patient's goals and the planned treatments
  - Helps patient accomplish treatment plan and accept therapeutic devices by administering manual exercises; instructing, encouraging, and assisting patients in performing physical activities, such as nonmanual exercises, ambulatory functional activities, and daily-living activities and in using assistive and supportive devices, such as crutches, canes, and prostheses.
  - Evaluate a patient's progress, modifying a treatment plan and try new treatments as needed
  - Educate patients and their families about what to expect during recovery from injury and illness and how best to cope with what happens
  - Delegate task to other individuals within the company to ensure an efficient workplace
  - Meet with other staff about patient progress and treatment plan adjustments, and patient scheduling weekly
  - Completes discharge planning by consulting with physicians, nurses, social workers, and other health care workers; contributing to patient care conferences
  - Assures continuation of therapeutic plan following discharge by designing home exercise programs; instructing patients, families, and caregivers in home exercise programs; recommending and/or providing assistive equipment; recommending outpatient or home health follow-up programs
  - Documents patient care services by charting in patient and department records
  - Maintains patient confidence and protects hospital operations by keeping information confidential and abiding by HIPPA policies
  - Maintains safe and clean working environment by complying with procedures, rules, and regulations
  - Protects patients and employees by adhering to infection-control policies and protocols.
  - Follow state policy to maintain licensure including, but not limited to, attending continuing education courses and provide inservice on outside education
  - Handle a patient load of 80% schedule availability
  - Handle personnel issues relating to staff conflicts, absenteeism, performance issues, etc

- Promotes the philosophy of the company and actively works to maximize patient rehab potential
- PTA
  - Work alongside PTs in helping patients recover from dysfunctional movements
  - Work under the direction and supervision of licensed PTs
  - Provide treatment to patients as outlined by the PT
  - Educate patients and their families about what to expect during recovery from injury and illness and how best to cope with what happens
  - Delegate task to other individuals within the company to ensure an efficient workplace
  - Meet with other staff about patient progress and treatment plan adjustments, and patient scheduling weekly
  - Refer patient to PT for plan adjustments and/or discharges
  - Documents patient care services by charting in patient and department records
  - Maintains patient confidence and protects hospital operations by keeping information confidential and abiding by HIPPA policies.
  - Maintains safe and clean working environment by complying with procedures, rules, and regulations
  - Protects patients and employees by adhering to infection-control policies and protocols
  - Follow state policy to maintain licensure including, but not limited to, attending continuing education courses and provide inservice on outside education
  - Handle a patient load of 80% schedule availability
  - Conduct modalities including, but not limited to, ultrasound, electric stimulation, paraffin baths, hydrotherapy, etc
  - Promotes the philosophy of the company and actively works to maximize patient rehab potential
- Physical Therapist's Aide
  - Assist with patient-related activities and treatments. The treatments will be under the supervision of a licensed Physical Therapist and/or Physical Therapist Assistant
  - Assists with answering the phones and answering patient/doctor inquiries
  - Perform designated routine tasks related to the operation of the clinic
  - Follows established procedures pertaining to the care of equipment and supplies
  - Prepares, maintains and cleans the department for daily operations
  - Observes, records and reports to the therapist; conditions, reactions and responses related to his/her assigned patients
  - Promotes the philosophy of the company and actively works to maximize patient rehab potential
  - Maintains patient confidence and protects hospital operations by keeping information confidential and abiding by HIPPA policies
  - Maintains safe and clean working environment by complying with procedures, rules, and regulations
  - Protects patients and employees by adhering to infection-control policies and protocols
  - Performs other duties as needed and assigned, including laundry and general cleaning
- Receptionist
  - Answer telephone, screen and direct calls
  - Take and relay messages
  - Provide information to callers

- Greet persons entering organization
  - Deal with questions from the public and customers
  - Ensures knowledge of staffing and general business operations
  - General administrative and clerical support
  - Prepare letters and documents
  - Receive and sort mail and deliveries
  - Schedule appointments
  - Maintain electronic appointment software
  - Communicate to all staff regarding planned events and meetings
  - Maintain a professional and clean reception area
- Accountant/Financial Manager
    - Obtain and maintain a thorough understanding of the financial reporting and general ledger structure
    - Ensure an accurate and timely monthly, quarterly and year end close
    - Ensure the timely reporting of all monthly financial information
    - Manage the daily banking requirements
    - Ensure the accurate and timely processing of positive pay transactions
    - Ensure the monthly and quarterly Bank Compliance activities are performed in a timely and accurate manner
    - Supports budget and forecasting activities
    - Collaborates with the owners to support overall department goals and objectives
    - Monitors and analyzes work to develop more efficient procedures and use of resources while maintaining a high level of accuracy
    - Responds to questions regarding financial results and special reporting requests
    - Complete a timely year end audit
    - Responsible for the general ledger and ensure all financial reporting deadlines are met.
    - Provide training to new and existing staff as needed
    - Establish goals and objectives for each year and monitor and advise on the progress to enhance the professional development of staff
    - Responsible for company payroll
    - Communicate and handle medical billing and coding
    - Stay up to date with issues in healthcare financing and aware of special tax laws and regulations
- Lawyer (PRN)
    - State certified lawyer with upkeep of annual accreditations
    - Advise clients concerning business transactions, claim liability, advisability of prosecuting or defending lawsuits, or legal rights and obligations
    - Strong understanding of healthcare regulations
    - Examine legal data to determine advisability of defending or prosecuting lawsuit.
    - Research, writing, and analytical skills to support complex cases
    - Able to work well with non-lawyers at various levels



### 1.12 Geographic Location and Facility Requirements

The Facility will be located in Charlotte, NC. It should be well-established and run by efficient management. The space itself should be large and versatile, with plenty of space for hands on treatment as well as sport specific rehabilitation. For individual therapy sessions, there should be space for private treatment rooms to maintain patient confidentiality.

### 1.13 Hours of Operation

Monday-Friday  
6AM - 6PM

## Chapter 2: Marketing

### 2.1 Marketing Analysis

The population of Charlotte, NC is 751,087 people with a median age of 37.4 years . Of those residents, 83% are enrolled in some sort of health insurance. Mecklenburg County is estimated to have a 17% uninsured rate. The per capita disposable income of North Carolina is averaged at \$32,505. The Charlotte property crime has decreased 8.3% over the last 5 years.

In analyzing the physical therapy market of Charlotte regarding clinics that claim to focus on athletic population and return to sport, following information has been collected.

	Hours of Operation	Specialized Demographic	Pros	Cons
Company #1	Weekday: 9a-6p Saturday: PRN	Minor League Baseball Team affiliations	- CSCS, athletic trainers - Associated with OrthoCarolina	---
Company #2	Weekday: 7a-6p	---	Founded by professional football players	Focused more on athletic performance than PT
Company #3	N/A	NC Dance Theater	All PTs are either ATC or CSCS	----

### 2.2 Marketing Segmentation

There are three basic groups of clients who seek physical therapy for sports related needs or generalized training. These three categories are listed below.

1. Patients recovering from injury
  - a. These patients are often seeing a chiropractor or massage therapist in conjunction with PT. Insurance frequently pays for these visits, but it is typically short-term therapy approved. However, the patient can supplement with out of pocket payments.

2. Serious athletes
  - a. These patients often see therapists for injury, workout recovery, as well as preventative strengthening. If these patients have positive results, this can be very instrumental in referrals based on recommendation.
3. Patients who prefer a well-rounded lifestyle focused on wellness
  - a. These patients typically have a higher disposable income and try to train as regularly as they can. They likely have some chronic pain or old injury issues and want to use therapy as a preventative measure of health care.

### 2.3 Marketing Strategy

To increase awareness of physical therapy and our company, we will want to implement a variety of marketing strategies in hopes to reach out to a large demographic. Below is an example of marketing strategies we will implement within the start up of Sports and Wellness Physical Therapy.

- Professional Website
- Open house for local doctors
- Start a newsletter for doctors that include tips they can give patients with information such as exercise and stretches for preventative care
- In reaching out to the public, we will want to partner with other local businesses such as speciality health food stores, pharmacies, gyms and fitness classes, VFW, and local sports teams/coaches
- Hold free seminars in the gym during non-operating hours to increase awareness while bettering our reputation. Topics of the seminars will include a variety of topics such as "How To Eliminate Low Back Pain" and "The 6 Most Common Mistakes People Make When Choosing a PT".
- Once we have a patient database, we will want to get their e-mail address or home address. We will want to send them monthly newsletters including tips, exercises, and health related facts.

## Chapter 3: Finance

### 3.1 Personal Capital/Contribution

The owners will take out a loan for \$250,000 with a 1% interest rate. The owners will be equally liable for the repayment of the loan. Each PT will contribute one iPad® 2 with Wi-Fi and 3G capabilities. No other personal contributions will occur.

### 3.2 Capital Budget

Item	Quantity	Unit Price	Total Price
High Low Tables	4	\$2,328.00	\$9,312.00
Therabands (5 levels)	1	\$750.00	\$750.00
Theraband FlexBar (3 levels)	1	\$55.00	\$55.00
Estim & US Machine	2	\$1,473.00	\$2,946.00
Big Mat Table	1	\$1,010.00	\$1,010.00
Hydrocollator	1	\$599.00	\$599.00

Ice Packs 6x10	2	\$19.20	\$38.40
Ice Packs 6x20	2	\$31.00	\$62.00
Moist Heat Cervical	1	\$8.40	\$8.40
Freezer	1	\$148.00	\$148.00
Goniometers	2	\$9.48	\$18.96
Tape Measurers	3	\$7.49	\$22.47
Stools	4	\$48.30	\$193.20
Gait Belts	4	\$5.99	\$23.96
Mirror	1	\$19.01	\$19.01
Computer Tray	3	\$61.63	\$184.89
Documentation Software	12	\$139.00	\$1,668.00
FOTO set up	1	\$250.00	\$250.00
FOTO monthly	12	\$100.00	\$1,200.00
Step Up Boxes	1	\$43.00	\$43.00
TheraFoam Pad	1	\$56.00	\$56.00
Rebounder	1	\$129.00	\$129.00
Pillows	1	\$60.00	\$60.00
Wedges	3	\$113.00	\$339.00
Bolsters	3	\$65.00	\$195.00
Traction Table	1	\$2,660.00	\$2,660.00
Estim & Ultrasound Cart	2	\$52.50	\$105.00
<b>Total</b>			<b>\$22,096.29</b>
<b>Consumables/Office/Direct</b>			
Ultrasound Gel	2	\$34.95	\$69.90
Iontophoresis Pads	1	\$210.00	\$210.00

General Office	1	\$400.00	\$400.00
Marketing Material	1	\$150.00	\$150.00
Alcohol Wipes	1	\$40.00	\$40.00
Cleaning Supplies	1	\$250.00	\$250.00
Ice Cups (to sell)	100	\$9.25	\$925.00
<b>Total</b>			<b>\$2,044.90</b>
<b>Supply Inventory</b>			
Towels Large	1	\$90.00	\$90.00
Towels Small	1	\$40.00	\$40.00
Gowns	1	\$60.00	\$60.00
Pillow Cases	48	\$1.00	\$48.00
Sheets	1	\$70.80	\$70.80
Hot Covers Cervical	4	\$10.91	\$43.64
Hot Covers 10x12	6	\$16.00	\$96.00
Hot Covers Large	4	\$25.71	\$102.84
Office Table/Chair	2	\$200.00	\$400.00
Printer/Fax/Copy Machine	1	\$95.00	\$95.00
Laptops	4	\$1,012.50	\$4,050.00
Credit Card Machine	1	\$130.00	\$130.00
<b>Total</b>			<b>\$5,226.28</b>
<b>Indirect Costs</b>			
Utilities + Rent	12	\$2,000.00	\$24,000.00
General Liability	1	\$800.00	\$800.00
Professional Liability (PT)	2	\$15,000.00	\$30,000.00

Professional Liability (PTA)	1	\$10,000.00	\$10,000.00
Commercial Property	1	\$800.00	\$800.00
Worker's Compensation (PTA)	1	\$350.00	\$350.00
Worker's Compensation (Aide)	1	\$80.00	\$80.00
Worker's Compensation (Accountant)	1	\$350.00	\$350.00
Worker's Compensation (Receptionist)	1	\$100.00	\$100.00
Payroll Tax Expense	1	\$14,560.00	\$14,560.00
Loan Repayment	1	\$20,000.00	\$20,000.00
Total			\$101,040.00
TOTAL			\$130,407.47

Professional Liability insurance was calculated at 6% of projected gross billings for each physical therapist and 3.5% of projected gross billings for the PTA. Worker's compensation insurance is 1% of each employee's gross wages. The owners will not provide worker's compensation insurance for themselves. The payroll tax expense includes social security taxes, medicare taxes, and unemployment taxes for a total of 7% of gross pay.

### 3.3 Annual Expense Budget

Category	Item	Quantity*	Price	Yearly Price
<b>Wages</b>				
	PT	2	\$60,000.00	\$120,000.00
	PTA	1	\$35,000.00	\$35,000.00
	PT Aide	1000 hours	\$8.00	\$8,000.00
	Receptionist	1000 hours	\$10.00	\$10,000.00
	Accountant	1	\$35,000.00	\$35,000.00
<b>Benefits</b>				
	Continuing Education	1	\$600.00	\$600.00

	Health Insurance	4	\$5,000.00	\$20,000.00
	401K set up	1	\$1,500.00	\$1,500.00
	401K match	1	\$2,080.00	\$2,080.00
	Annual License PT	2	\$100.00	\$200.00
	Annual License PTA	1	\$100.00	\$100.00
<b>Supplies</b>				
	Supply Inventory	1	\$5,226.28	\$5,226.28
	Capital Budget	1	\$22,096.29	\$22,096.29
<b>Marketing</b>				
	Office Supplies	1	\$2,044.90	\$2,044.90
<b>Insurance</b>				
	Professional Liability	1	\$40,000.00	\$40,000.00
	Commercial Property	1	\$800.00	\$800.00
	Worker's Compensation	1	\$880.00	\$880.00
<b>Facilities</b>				
	Rent + Utilities	1	\$24,000.00	\$24,000.00
<b>Other</b>				
	Entertainment	1	\$200.00	\$200.00
	Lawyer	10 hours	\$250.00	\$2,500.00
	Loan Repayment	1	\$20,000.00	\$20,000.00
	Miscellaneous	1	\$500.00	\$500.00
<b>TOTAL</b>				<b>\$350,727.47</b>

\* The 1 represents a one time annual payment, whereas 12 represents a monthly payment unless otherwise noted. The quantity under benefits denotes the number of employees receiving that benefit.

The physical therapist's aide and the receptionist shall not exceed 1,000 hours of work annually. They are considered part time and therefore shall not receive benefits. Benefits will be provided to the two PTs, the PTA, and the accountant. Continuing education benefits are reimbursed as \$120/8 hours per person

and shall not exceed the required amount of hours needed to renew the license. Sport and Wellness Physical Therapy shall provide health insurance and will be responsible for 50% of the cost and the employee is responsible for the remaining 50%. Sport and Wellness Physical Therapy will be responsible for the administration and set up fees of a 401K for each full time employee and will make a matching contribution of 50% of what the employee contributes, up to 1% of that employee's gross pay.

### 3.4 Cash Flow Analysis

<b>Operating Activities</b>		
Fees Collected for Treatment	\$329,948.59	
Fees Collected for HEP	\$2,450.00	
Fees Collected for Shoe Consults	\$1,000.00	
Fees Collected for Pre Season Assessments	\$1,000.00	
Payrolls		(\$208,000.00)
Lawyer		(\$2,500.00)
Taxes Paid		(\$14,560.00)
Insurance/Benefits Paid		(\$66,960.00)
Rent + Utilities		(\$24,000.00)
Receipts from Charges	\$334,398.59	
Cash Paid for Expenses		(\$316,020.00)
<b>Net Cash Flow</b>	<b>\$18,378.59</b>	
<b>Investing Activities</b>		
New Equipment Costs		(\$29,367.47)
Owners Investment	0	
<b>Net Cash Flow</b>		<b>(\$29,367.47)</b>
<b>Financing Activities</b>		
Bank Loan	\$250,000.00	

Paying Back the Loan		(\$20,000.00)
Interest on Loan (1%)		(\$2,300.00)
<b>Net Cash Flow</b>	<b>\$227,700.00</b>	
<b>Cash at the End of the Year</b>	<b>\$216,711.12</b>	

### 3.5 Coding/Billing and Explanation of Revenue Sources

#### 3.5a Fee Schedule

Sport and Wellness Physical Therapy will follow the Medicare fee schedule and will charge a 50% markup to all patients and clients. The fee schedule is as follows:

Code	Descriptor	Non-Facility Medicare Fee	50% Markup
97001	PT evaluation	\$70.74	\$106.11
97002	Pt re-evaluation	\$39.12	\$58.68
97012	Mechanical traction	\$15.06	\$22.59
97016	Vasopneumatic device	\$17.41	\$26.12
97018	Paraffin bath	\$9.54	\$14.31
97022	Whirlpool therapy	\$20.85	\$31.28
97024	Diathermy eg microwave	\$6.07	\$9.11
97026	Infrared therapy	\$5.43	\$8.15
97028	Ultraviolet therapy	\$6.75	\$10.13
97032	Electrical stimulation	\$17.58	\$26.37
97033	Electric current	\$28.96	\$43.44
97034	Contrast bath	\$16.22	\$24.33
97035	Ultrasound therapy	\$11.80	\$17.70
97036	Hydrotherapy	\$29.33	\$44.00
97110	Therapeutic exercise	\$29.44	\$44.16
97112	Neuromuscular re-ed	\$30.70	\$46.05
97113	Aquatic therapy	\$38.88	\$58.32
97116	Gait training	\$26.16	\$39.24
97124	Massage therapy	\$24.14	\$36.21
97140	Manual therapy	\$27.49	\$41.24
97150	Group therapeutic	\$18.89	\$28.34

Pre-season physical assessments

Flat Fee: \$100/assessment

Shoe Consults

Flat Fee: \$50/consult

HEP equipment

Theraband

Flat Fee: \$5/band

Ice Cup

Flat Fee: \$14/cup

#### 3.5b Cost per Unit of Service

To estimate the cost per unit of service, we estimated each of our patients/clients to be seen for a total of 12 visits. The first visit would be only charged as a PT evaluation. For the



remaining 11 visits we estimated our caseload to be 75% of patients receiving 2 units of therapeutic exercise a session. We further divided this group in half to estimate that they would receive either electric stimulation or manual therapy for their 3rd unit per treatment session. For the other 25% of our patients, we estimated that they would receive 1 unit of manual therapy, 1 unit of ultrasound, and 1 unit of neuromuscular re-education per treatment session.

We calculated that we would see a total of 280 patients/clients our first year, 210 of these fall into the group receiving therapeutic exercise, and 70 fall into the group receiving neuromuscular re-education.

We estimated that we would be reimbursed at 125% of the Medicare fee schedule.

### 3.6 Payer Mix/Case Mix/Revenue Sources

#### 3.6a Payer Mix

- Workers Compensation
- Commercial (Aetna, BCBS, Humana, UnitedHealth)
- Medicare
- Medicaid
- Self Pay

#### 3.6b Case Mix

- 30% Post-Surgical joint repair
- 25% acute back strains
- 30% Acute/Chronic foot pain
- 15% Other non-specific orthopedic injury

#### 3.6c Revenue Sources

- Prehabilitation prior to surgery
- Pre-season physical assessments
- Shoe consultations
- Physical Therapy evaluation and treatments (97000 codes)
- HEP equipment

#### 3.6d Annual Revenue Projections

<b>Treatments on Average</b>	<b>Price/Unit</b>	<b>Total Patient Units</b>	<b>Total Price</b>
<b>Evaluation</b>	\$88.43	280	\$24,759.00
<b>Re-evaluation</b>	\$48.90	56	\$2,738.40
<b>Therapeutic Exercise</b>	\$36.80	4620	\$170,016.00
<b>Electrical Stimulation</b>	\$21.98	1155	\$25,381.13
<b>Manual Therapy</b>	\$34.36	1925	\$66,147.81
<b>Ultrasound</b>	\$14.75	770	\$11,357.50
<b>Neuromuscular Re-education</b>	\$38.38	770	\$29,548.75
<b>Preseason Physical Assessment</b>	\$100	10	\$1,000.00

<b>Shoe Evaluations</b>	\$50	20	\$1,000.00
<b>HEP equipment</b>	x	x	\$2,450.00
<b>Total →</b>	→	→	\$334,398.59

### 3.7 Productivity and Collection Rate Estimations

Sport and Wellness Physical Therapy is aiming to provide service to total 24 hours/day and will treat patients and clients for 45-minute sessions. This allows Sport and Wellness Physical Therapy to see 32 patients/day. Sport and Wellness Physical Therapy will require their therapists to maintain an 85% productivity rate in order to guarantee 27 patient/client sessions per day. The collection rate estimations is 85%.

### 3.8 Break-even Analysis

Within this analysis, a unit of service is considered to be one visit and it is based on an annual projection. The fixed cost includes: utilities, rent, insurance [liability, workers comp, commercial property], salary of providers, payroll tax, loan payment and totals to \$252,330. The variable cost includes US gel, iontophoresis pads, general office, marketing material, alcohol wipes, cleaning supplies, lawyer, tech wages, theraband, linens and totals to \$12,607.90. For the first year we calculated that each therapist sees two patients/day. Over the first 6 months, the UOS will grow 10% monthly. After 6 months, the growth will be 30% monthly until the possible UOS is saturated. See section 3.5b for calculation of price/UOS.

UOS per year: 3368

Variable cost/visit = \$12,607.90/3368= \$3.74

Price per UOS: \$97.38

Break even= 252,330/(97.38-3.74)

Break even= 2,694.36 UOS

10 months, 2 weeks, 4 days

## Chapter 4: Strategies and Requirements

### 4.1 Quality Outcomes Assessment Strategy

Sport and Wellness Physical Therapy will partner with Focus on Therapeutic Outcomes Inc. (FOTO®) to provide quality care and service to our patients and to demonstrate this commitment to our patients and referring physicians. FOTO® enables us to measure functional patient outcomes and patient satisfaction with national data comparison.

#### 4.1a What is FOTO®?

FOTO® is the largest and most valid external database for rehabilitation, measuring patient satisfaction and functional outcomes for musculoskeletal, industrial, neuromuscular, cardiopulmonary, and pediatric patients. During care at our facilities, our patients now complete a health status questionnaire using an iPad® mobile digital device at admission, mid-treatment, and discharge. The data provided rates the patient's ability to do usual activities. FOTO® then provides an external, standardized, comparative database management and reporting service.

#### *4.1b Benefits of FOTO® outcomes and patient satisfaction*

- We will be able to provide risk-adjusted comparisons of our level of quality and value to other providers of similar medical rehabilitation services. Risk adjustment parameters include such factors as care type, severity, age, acuity, and gender.
- We will be able to compare the level of functional improvement for each patient at discharge and the efficiency of the care as compared to similar, risk-adjusted patients seen by other medical rehabilitation providers.
- We will be able to provide outcomes reports for individual patients.
- We will be able to measure patient satisfaction in order to better understand and respond to patient needs.

By measuring our performance against providers all over the country, we can identify our strengths and improve on any areas requiring focus as it relates to functional outcomes and providing an exceptional experience to the patient.

#### *4.2 Information Management Needs*

ClinicSource® is a therapy software that provides a centralized tool to manage all aspects of practice and is accessible via the Internet. With ClinicSource®, you can manage all aspects of your clinic from documentation, billing, collections, and payroll. Since ClinicSource® is web based, you can use it from any pc with an internet connection. Pricing is based on a per user basis. A base package with 5 users will cost \$139/month.

#### *4.3 Regulatory Requirements*

The Social Security Act mandates the establishment of minimum health and safety and CLIA standards that must be met by providers and suppliers participating in the Medicare and Medicaid programs. These standards are found in the 42 Code of Federal Regulations at <http://www.ncdhhs.gov/dhsr/ahcflooutpt.htm>

It is the responsibility of Sport and Wellness Physical Therapy to:

1. Provide an annual report to the NC Secretary of State's Office in a timely manner;
2. Have a current Registered Agent of record with the NC Department of the Secretary of State
3. Notify the NC Secretary of State within 60 days of any change in the Registered Agent name or address; that's its registered agent has resigned or that the registered agent office has been discontinued; and not providing the NC Secretary of State with the above listed information in a timely manner constitutes grounds for administrative dissolution. Grounds for administrative dissolution and the procedures for administrative dissolution can be found at N.C.G.S. §57C-6-03. (<https://www.secretary.state.nc.us/corporations/pdf/LimitedLiabilityCompany.pdf>)
4. Perform an annual renewal of therapists state licensures by February 1 of each calendar year.

#### *4.4 Insurance Needs (see 3.2 for pricing)*

- General Liability Insurance
- Professional Liability Insurance
- Commercial Property/Renter's Insurance
- Workers Compensation Insurance
- Unemployment Insurance Tax

#### *4.5 Exit Strategy and Long-term Goals*

##### *4.5a Exit Strategy*

When Sport and Wellness Physical Therapy decides to close their doors, all tangible items will be sold to either another physical therapy clinic in whole, or individually depending on best available price. The owners will incur an equal share of all profits or losses. See section 1.8 for health center rental agreement.

##### *4.5b Long-term Goals*

Sports and Wellness Physical Therapy will expand our practice to include personally owned facilities with a multidisciplinary approach. We intend to hire on our own nutritionist, massage therapist, and strength and conditioning coach, all of which shall be professionally licensed or certified. We also intend to hire additional DPTs and PTAs in order to see a minimum of 150 patients per day. Furthermore, the owners intend on obtaining the OCS license within 2 years of Sport and Wellness Physical Therapy opening. To increase revenue, Sport and Wellness Physical Therapy will provide in-house continuing education courses for all of our licensed employees and will charge a nominal fee for health and wellness seminars provided to the community.