

A Manager's Perspective
by
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I Have Seen the Enemy... And It Is Us!

I have seen the future and it is managed care. I have seen the enemy and it is us!

The arguments for the assumption of managed care as the primary mechanism of health care reimbursement are very strong. We have all read about some of the possible formats for this system in the newspapers as we have reviewed alternative health care reform proposals. Currently, the most typical are HMO (health maintenance organization) and PPO (preferred provider organization) structures. These systems put more emphasis on reducing health care costs to the consumer - usually the employer. The changes required of PT managers under these two systems are substantial - but very different. An even more severe change in the actions of PT managers will be required under what I believe will be the eventual form of most health care delivery in the country - capitation agreements.

In the case of capitation agreements (relationships where the provider agrees to provide all of the care needed by a particular patient population for a negotiated fee per individual), many of the assumptions you have made about how the PT world works are no longer valid. Many of the paradigms you hold about PT delivery must shift.

I believe that the question is not whether these changes will come - the question is how soon. The best guess is sooner rather than later. Given that these changes will occur, it is time for us all to examine our current behaviors related to PT delivery and reimbursement. As you do, determine for yourself how many of your current actions will be counterproductive in the new environment.

Here are some questions to ask yourself for starters:

1. Do you view physical therapy as a revenue producer or as an activity that helps reduce the overall health care cost?
Many PT managers are used to thinking of PT as an expense on the inpatient side because of the prospective payment system (DRG's) that we have worked under since the early 1980's. Get ready to apply those same arguments to all of PT - inpatient, outpatient and rehab units.
2. Do you consider the ability of potential staff to cost effectively treat before you hire? Have you decided how you will help your current staff who are presently treating in these counterproductive ways?
In a capitated environment, one therapist who poorly manages their caseload, over treats or treats in an ineffective manner will not only be a poor therapist, they will be a severe financial liability. If enough of your staff treats ineffectively, or cost inefficiently, your department or practice may be in serious jeopardy.

3. Do you currently monitor the "right" indicators of success?
Under current systems, many PT managers measure activity indicators such as treatments rendered, patients treated, and charges generated. In a capitated environment, you'll need to measure clinical outcomes, cost per case and resource utilization. You'll also need to set up systems to examine these indicators on an individual clinician basis.

4. What have you done to learn how to change and to help your staff learn how to change?
For some departments, the coming changes will be evolutionary - congratulations, you will be ahead of the game. For most of us, however, the coming changes will be revolutionary. Change is sometimes the only constant. You and your staff better be good at it.

5. Have you been discussing the possible changes with your staff?
Since these changes in our world will require not only intellectual understanding but also additional skills and behavior changes, they won't come easy. They also won't happen

overnight. Your staff will need time to listen, to process, and to skill build. We will all also need time to make mistakes and to learn from them. Get started now.

6. Are you willing to rethink your assumptions and paradigms about PT delivery?
The actions and systems that have made you successful to date may be the same systems and actions that prevent your success in a changed environment.

I hope these questions will help you see the future and prepare so that you can meet the enemy and be better for it.

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