

Eli's REHAB REPORT™

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In This Issue ...

- **Overzealous Therapists Could Kill New Assistive Technology Code.** If you're using this year's new assistive technology code frequently, you could wind up using it right out of existence. (Page 74)
- **Are Your Productivity Expectations Reasonable?** If your therapists are working at a frenzied pace, yet still aren't meeting the productivity goals you've set for them, you might need to rethink your expectations. (Page 75)
- **Stop Wasting Time Interviewing Candidates Who Don't Fit The Bill.** If you can't pluck a good resume from a pile of Average Joes, you're likely going to waste time and money on interviewing applicants who immediately fall flat. And if you're like most rehab managers, you have neither time nor money to waste. (Page 76)
- **5 Steps Every Potential Practice Buyer Should Take.** Therapists too quick to snap up existing practices could find themselves in dire straights, so make sure you examine all important factors before signing on the dotted line. (Page 77)
- **Don't Let E-mail Send You Directly To Disaster.** While it may seem harmless, a simple e-mail can be a many-headed hydra where HIPAA is concerned — one misdirected message, and you could have a serious privacy violation on your hands. (Page 78)
- **HealthSouth Pot Continues To Boil.** The last few weeks have seen a flurry of HealthSouth Corp. news, including accusations that former CEO Richard Scrusby's lawyers are talking far too much. (Page 79)
- **5 Quick Tips For OT Marketing.** Attention, occupational therapists: Do you want to get your name out in your community? Here are a few simple marketing ideas. (Page 79)

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Business Strategies

5 STEPS EVERY POTENTIAL PRACTICE BUYER SHOULD TAKE

The worst mistake you can make is to jump too soon – here's how to make wise choices.



Paul Martin
Founder & President
Martin Acquisitions Group

Therapists too quick to snap up existing practices could find themselves in dire straights, so make sure you examine all-important factors before singing on the dotted line.

Last month, Eli's Rehab Report told you how to find a good acquisition

target. Here's what to do next.

1. Take a step back. Now that you have a specific practice in mind, take a breather to make absolutely sure acquisition is the best route for you to take. "Too many therapists are jumping the gun in assuming they should acquire a practice," says Ken Maily with Maily & Inglett Consulting in Wayne, NJ.

Key idea: Ask yourself once more what your goal is for your practice, Maily advises. Then think carefully about whether your acquisition target fits into that goal.

Consider this: If you buy out a practice, be prepared for your own identity to get blurred. "One of the strong points of therapists is that they tend to be individualists," Maily notes. "But when you assume someone else's practice, your identity is going to be lost...at least for a little while."

2. Get a confidentiality agreement and start analyzing financials. Plan to pore over at least three years' worth of financial data, counsels Chuck Felder with HCW Consulting, Inc in Newport Beach, CA.

Also, carefully analyze the expenses you'll incur with the practice adds Paul Martin with Martin Acquisitions Group in Mt. Laurel, NJ. "Be sure your financial projections will cover the expenses inher-

ent in the business," and also factor in additional administrative functions, etc. you'll be taking on, he says.

3. Determine the return you expect on your investment. "A lot of that is determined through your assessment of the risk factors associated with the business," Martin says. YOU might be willing to expect less return on investment for a practice with minimal risk, but increased risk should carry increased ROI potential.

4. Examine referral patterns. Are those patterns going to change? If so, will you be successful? "If the referral program is tied to the person who is leaving the practice, that's going to be an issue," Felder notes.

Don't overlook: The Stark rule could have a major impact on referral patterns, so keep that in mind when making your decisions.

For example, if you discover that 80 percent of the practice's referrals are coming from an orthopedic practice that will probably start providing its own physical therapy under Stark, that could present a major problem, Felder warns.

5. Look at all existing contractual arrangements. If there are contracts in place that you'll have to honor upon acquiring the practice, examine them with a fine-toothed comb, Maily insists. This is especially important for lease agreements, which can be fraught with compliance concerns.

Also, take a closer look at agreements with investors in the practice, or other interested parties, Maily continues. Ensure that the practice you're acquiring is actually going to be your business, and that shares aren't owned by other individuals or entities. "Be sure you're actually purchasing what you think you're purchasing," he insists.