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In Other News...

Thinking About Selling Your Rehab Practice? Some experts think there's another boom coming — these tips will help you prepare to get the most out of your practice. (Page 102)

Your Voice Matters: Overwhelming Response Delays CMS' Decision on 75% Rule. CMS feels your pain: 6,900 angry letters from inpatient rehab facilities causes the **Centers for Medicare and Medicaid Services** to delay final decision on 75 percent rule until 'the near future.' (Page 102)

Politics 101: What You Need to Know to Make the System Work for You. If you want to fight issues like the therapy cap, you'll need to invest your time and open your wallet. Here's advice from seasoned veterans on how to get the results you want. (Page 103)

Treating the Blind: Be Sure to Document Patient Improvement. These coding tips will help you get reimbursed for treatment to ICD-9 369.00-369.9 cases. (Page 104)

Coding Corner: Our experts show you the way to accurate ICD-9 and CPT coding for blind patients with these examples. (Page 105)

They've Got Questions, We've Got Answers. Smart use of scripts will help your employees dodge HIPAA bullets. (Page 105)

Sample Answers From the Pros: Clip and save this sample sheet with scripted answers to 5 common HIPAA questions. (Page 106)

Finding Evidence for Evidence Based Practice: It's in the Works. Find out how this major research project could help silence doubting Thomases at insurance providers and Medicare — and force their hand when it comes to reimbursing rehab providers. (Page 106)

Feds Boost Medicare Payment Rates for 2004. Rehab providers will get a 3.2% increase in their Medicare rates for 2004, which means that CMS might help you stay ahead of inflation for the coming yearPage 107

New Study Will Examine Hip Therapy. Rehab providers need more information to really do it right. That's the goal of a new study at **Boston University**Page 107

No 'Fann' of the Feds: Former Rehab Clinic Owner Busted for Business Violation. A Missouri rehab provider got hit for \$380,000 in fines for False Claims Acts violations — after a year in prison for improper billingPage 108

US Physical Therapy Marches On. National provider of PT and OT services posts record revenues and continues to build new facilitiesPage 108

CONTENTS

Fiscal Fitness.....	102
Legislative Action.....	103
Coding Corner.....	104
HIPAA Help Desk.....	105
Rehab Research.....	106
Rehab News.....	107

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Fiscal Fitness

**TAKING THE NEXT STEP:
HOW TO BUILD A REHAB NETWORK**



*Paul Martin
Founder & President
Martin Acquisitions Group*

With the nation's largest rehab company in freefall, small rehab providers have a golden opportunity to expand their businesses.

The financial map of the rehab is being redrawn in the wake of **HealthSouth Corp.'s** collapse (*for the latest on the scandal, see page 53*).

Small providers have had it tough in recent years as the mega-rehab behemoths have gobbled up practices all over the country, but those behemoths don't look so imposing these days. Now's the time for smart owners of small rehab businesses to form their own networks, according to **Paul Martin**, president of **Martin Acquisitions** in Mt. Laurel, NJ.

For a rehab owner who can attract enough capital and put together around 10 locations in three counties, it can turn into a highly successful business, Martin says. "It's a huge opportunity."

Jeff Hartline is a therapist and owner of **Southeastern Physical Therapy**, a group of four practices in Virginia Beach, VA. And **Spectrum Therapy**, a group of five practices in Charlottesville, VA. According to Hartline, there are three ways to grow a rehab business: through acquisition, through start-ups and through physical therapy contracts with hospitals.

"You get the largest impact with the acquisition of other practices," Hartline declares. "A start-up takes a while to ramp up. A hospital contract is good only so long as the contract is in place. With [the acquisition of] a private practice, you have instant patients and instant referral sources."

Of course, doing it right is the big If.

It's easy to get a list of practices in a certain area, Hartline says. The hard part is finding the right ones to approach. The first challenge is to simply find people who are willing to sell. The next – and perhaps the most important – is meeting with the

prospective seller and "seeing if they have a similar practice philosophy and a similar value system."

That's important, Hartline says, because "we work with the former owners very closely. We're not interested in a practice where the owner wants to walk away the next day."

It's important to ask non-business questions. "Do you get along? Does everyone like each other? That's important," Hartline asserts. "There needs to be a working relationship and a chemistry there. It's a very intimate process, sharing all the necessary information.

Tips for building a successful network and avoiding the mistakes that prevent such a venture from taking off:

1. Start with enough capital. You need to be able to weather downturns and delays in reimbursement, Martin counsels. "People always underestimate the cost," he warns.
2. Know the payor community in your region. Be familiar with the issues: Is it difficult to get access to payors? What areas do you need to cover? Would they sign an exclusive contract with you?
3. Prospect for practices you can acquire. Look for successful owners who are thinking of retiring or are just tired of running their practices. Point out the advantages to them: You can relieve them of the hassles in billing, compliance and coding, and they can concentrate on providing therapy to patients.
4. Be prepared to spend enough time. Hartline says the entire process usually takes six to eight months, but it can take up to a year.
5. Set up the right systems and deliver on your promises.
6. Get a consultant to help you.

Tip #6 may be the most important, Martin asserts. He cites his own experience with growing a three-location, \$2 million business into a 21-location, \$15 million one. "We spent \$200,000 a

year in consulting services," he recalls. "We never could have done it without that support."

When do you get a consultant in on the process? "At the point where in the middle of the night you wake up and want to grow and develop a company. That's when you need to get a consultant involved, to get you started properly," Martin advises.

Don't go with just any consultant, Martin warns. "Look for someone who has been there, done that in your particular [area] or a closely related field," he counsels. "A consultant who has worked in other fields doesn't know how to enhance your business," he point out.

Success in acquiring business is all about doing the multitude of small things that will make it better, and someone who doesn't know rehab won't understand these nuances. Consultants who don't know the inner workings of rehab can "mess up" an otherwise good strategy, Martin observes.

It's particularly important to keep a good relationship with the former owner whom you have bought out. "If you make the [former] owner mad, that goodwill is gone," he emphasizes. "They got some money; they're not going to work hard for you."