

PTS Reverses Trend of PT/OT Cost Increases in Chester County District



PTS Helped the District Reduce Therapy Costs While Improving Student Programming and Service Quality

Changing Direction

When a Chester County school district first reached out to Pediatric Therapeutic Services (PTS), the administration had been using a well-known provider to deliver OT, PT, and speech services within their eighteen schools. While this provider ensured that all children with IEPs were seen by professionals as required to ensure legal compliance, the district began to question if they were getting the most for their money. Costs had been going up year after year, both due to rate increases and the fact that student referrals by teachers were skyrocketing. (Service providers are generally happy to keep hiring more staff and billing for more services, offering few suggestions on how to help them control costs.) In addition, administrators demanded a substantial increase in value in terms of new programming, teacher training, improved clinical quality, expertise, and overall contract management.



Searching for a Better Way



Comparing Service Providers with Head-to-Head Competition

The district wasn't ready to replace their longstanding service provider until they had quantitative proof that another firm could better control costs and deliver more for their money – without jeopardizing service quality. Because PTS had been providing high-quality, supplemental speech therapy services to the district for a number of years, PTS was invited to participate in a two-year, head-to-head pilot with the district's existing provider. The administration's goal was to compare the two service providers in terms of overall value, ability to control costs, student progress, innovative programming, clinical expertise, and other key areas.

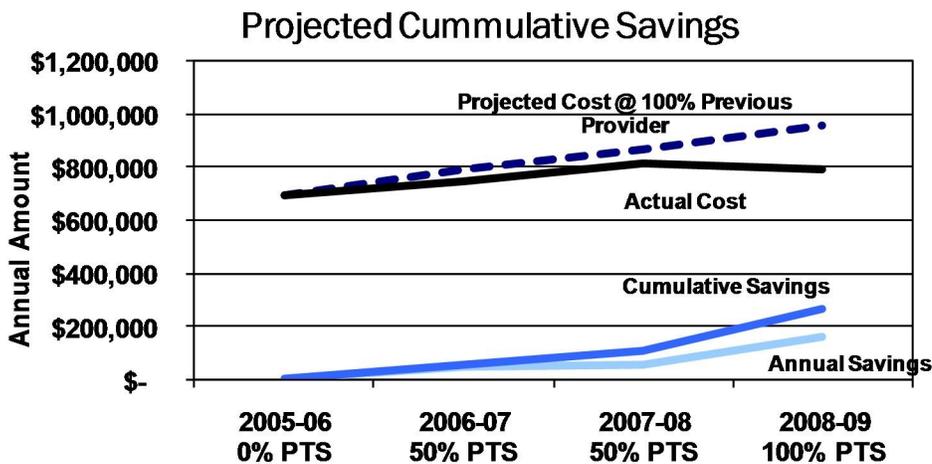
PTS eagerly accepted the opportunity. “Clearly this district was on a typical ‘treat-and-bill’ treadmill with their prior provider,” states Pam Hackett, Managing Partner at PTS. “It is easy for districts to view the mounting costs as fixed costs. But we have proven that therapy costs don't have to be fixed. With the right visibility into what is happening day-to-day in each school and classroom, you can better assess what is actually needed from a services perspective and make decisions that control costs without diminishing service quality.”

To facilitate the fairest comparison, the district divided their schools as evenly as possible between the two providers; PTS was assigned half of the elementary schools and all of the high schools, and their existing service provider was assigned half of the elementary schools and all of the middle schools. Both companies began providing services as part of the pilot in September 2006.

PTS Delivers on Its Promises – and Helps the District Achieve Its Goals

During the two-year pilot, PTS successfully reversed the trend of annually increasing related services costs. Throughout this period, PTS held costs stable; in the half of the district that PTS managed, costs for each year equaled half of the previous year's *total* cost for the district. In contrast, the costs for the other provider increased at a rate of 6.9% and 9.1% respectively. The district found that PTS' effective hourly rate was 10% lower than its competitor's effective hourly rate. The resulting savings were reinvested in a district-directed, progressive OT-based social skills program run by PTS.

Following this comprehensive fiscal and building satisfaction audit, the district decided in June, 2008 to conclude the pilot and award PTS the entire OT/PT contract. After the first year that PTS managed therapy services for *all* schools, the district documented its first reduction in overall annual therapy expenses – a savings of 2.3%. Based on these trends, had PTS managed all K-12 buildings for the full two-year pilot program, the district's estimated savings would have exceeded \$200,000.



Executing on the Roadmap Using a Progressive Management Model

PTS achieved these cost savings, not by cutting services, but by implementing a progressive management model based upon accountability and fiscal transparency, as well as proven best practices and processes.

A Tailored Action Plan

The first step was to perform a detailed forensic analysis of the district's billing to identify patterns and gather "actionable insight," which PTS uses to help define program initiatives and refinements that will deliver greater value. For example, they talked extensively with teachers and special education administrators and began to monitor schedules, time usage; referral rates and costs by service type, classroom, and school; and more – all on a real-time basis using analytical software developed by PTS. States Diana Fongheiser, Managing Partner: "We root out processes and activities that are not adding value and reallocate the savings we capture to bring innovative programming and more value-added services to schools."

Together with the administration, PTS used the qualitative data and insights to develop a flexible, 24-month roadmap designed to achieve the district's goals. "Because PTS is constantly monitoring key performance metrics and trends, our management team and the district can quickly see where we need to fine-tune action plans as needs change," explains Fongheiser. "Even small refinements can add up to real cost savings and service improvements."

Teacher Training for More Accurate Referrals

Right from day one, PTS used its online data collection system, called BudgetWatchSM, to identify referral trends and the potential strengths and weaknesses in programs, such as handwriting instruction. "When we saw tons of OT referrals for students with handwriting issues, for example, we immediately had a teacher in-service to educate them on how to be better referrers and how to handle minor student issues outside the system. The goal is to get the right students on the caseload," explains Fongheiser. "For kids with minor handwriting issues, we arranged for them to meet with the OT as a small group, right in the classroom – and at a fraction of the cost as having separate OT sessions for each student."



PTS also helped teachers improve referrals of children with sensory integration challenges. In addition to educating teachers about what to look for, PTS provided all of the elementary schools with pre-referral intervention “trial” equipment so that they could try to address minor student challenges right in the classroom. “Sometimes all kids need to sit still during circle time is a notebook-sized bean bag to rest in their laps,” states Fongheiser. “Simple interventions like these address the child’s issue and result in fewer referrals and savings in diagnostic costs.”

Effectively Using Group Therapy Models

PTS has successfully transitioned selected previous provider caseloads so that they appropriately utilize small group models. As summarized in Table 1, the number of students receiving individual treatment was reduced from 70% to 25%, and the number of students in group models increased from 23% to 60%. PTS has also provided building level trainings and in-services so that classroom staff can carry through therapy program throughout the week, allowing students to move through a continuum of service. “As we move students into small groups when appropriate, we will continue to be sensitive to the concerns of parents and other team members,” states Hackett.

Table 1

OT Treatment Model	Group	Consult	Individual
Sept. 2006	23%	8%	70%
Apr. 2009	60%	16%	25%

Implementing New Efficiencies for Therapists

PTS also hired a small, dedicated staff of therapists; the prior service provider used a much larger, cumbersome staffing pattern. The stability in PTS’ therapist team decreased administrative costs with year-to-year transitions, improved continuity of care, and helped to boost therapist productivity.

Efficiency also improved each year. PTS calculates efficiency the same way that IUs traditionally measure it – by the amount of IEP time covered plus diagnostic time. All other activities are considered indirect. Under PTS management, therapist productivity reached 90% – a very good percentage, especially given the number of informal consults and travel between buildings therapists fit into their day.

About PTS

Founded in 1998, Pediatric Therapeutic Services, Inc. provides advanced therapy staffing solutions for school districts, charter schools and early intervention programs. We integrate comprehensive therapy management with related services and program supports to streamline operations, reduce costs and improve classroom performance. PTS directors focus their extensive experience as pediatric clinical specialists, award winning business owners and also parents to provide exceptional value, service and expertise to students and administrators alike. Our approach combines clinical skills with top-level case management capabilities, innovative technology solutions and best practices honed from years in the classroom and the boardroom.