



AB 1152 Physician Owned Physical Therapy Services Fact Sheet

Assembly Bill **1152** would have amended Section 2406 of the Business and Professions Code and Section 13401.5 of the Corporations Code and added licensed physical therapists to the list of healing art practitioners who may be shareholders, officers, directors, or professional employees of medical or podiatric medical corporations.

CPTA strongly opposed **AB 1152** because the legislation would make it clear that medical and podiatric medical corporations could employ physical therapists. In effect, under this legislation, medical corporations could control the point of access to physical therapy services and then refer patients only to themselves. This poses an inherent conflict of interest, removes choice for the consumer and sets up an unfair competition with physical therapist-owned clinics and could cause many physical therapist-owned clinics to close their doors. Additionally, this legislation could severely limit the ability of hospitals to staff adequately to meet the needs of Californians hospitalized in acute care, acute rehabilitation, and long-term care facilities. CPTA requested an amendment to give physical therapists the same standing in law, business-wise as medical corporations. This amendment was refused by the sponsor of **AB 1152**.

This bill was not about saving jobs as its supporters claimed but rather, to cement the practice by physicians and podiatrists of owning physical therapy clinics and employing PTs in their own clinics to reap substantial income from potentially excessive and sub-standard delivery of and billing for physical therapist services. On July 13, 2009 the members of the Senate Business Professions and Economic Development Committee understood the potential conflict and defeated the bill. The author was granted reconsideration to reintroduce the bill to the Senate in 2010. CPTA remains strongly opposed and needs your support to defeat **AB 1152** once and for all in 2010! The following articles should clearly illustrate the understood potential for financial gain for physicians and podiatrists.

- How to Provide Physical Therapy as an Ancillary Service
Moore, DPM J. *Podiatry Today*. Vol. 20, Issue. 2, Feb 2007.
- Focus on Boosting Physical Therapy Services and Reap the Profits
Kling A. *Orthopaedic Practice Management*. Vol. 2, No.3, March 2009

In more than 30 years of looking at physician-owned physical therapy services, the following conclusions have been formed:

- Physical therapy is initiated 2.3 times more often by the physicians in self-referral arrangements.
Swedlow A, Johnson G, Smithline N, and Milstein A. Increased cost and rates of use in the California Worker's Compensation System as a result of self-referral by physicians. *New England Journal of Medicine*. November 19, 1992;327:1502-1506.
- When a physician provides this expensive and excessive care, 91% of the time the care is below professional standards and considered unnecessary and fraudulent under the Medicare Program.
Department of Health Services Report To Leslie V. Norwalk from Stuart Wright Deputy Inspector General for Evaluations and Inspections. Physical Therapy Billed by Physicians. 2006.

The Obama Health Care Plan for National Health Care Coverage has identified elimination of fraud and abuse in Medicare as a way to raise the funds needed to cover the cost of this ambitious endeavor. Can California afford to support the strong potential for fraud and abuse by allowing this unsavory business practice to continue?