

Summary of Physiotherapy Claims



Effective Date: 08 May 2009

Produced by Business Information, Operations, ACC

Summary

Since the introduction of the EPN Physiotherapy contract in 2004 the total cost of physiotherapy services has increased. This paper provides a summary of the physiotherapy service data to help understand trends in physiotherapy claims and costs. Unless stated the data is based on the date of service and only includes costs and services relating to treatments. Figures will not reconcile to reports prepared using date of payment or year of claim lodgement. All costs exclude GST.

Data is displayed by financial year. Therefore, claims can span more than one year and figures (such as the number of treatments per claim) can be lower due to the cut off. However, each year is still comparable to the next. The financial year is 01 July to 30 June.

The table below shows the increases in number of claims treated, cost and number of treatments for physiotherapy (both EPN and Regulations).

Using the year 2000 as a base figure, costs have increased by 216%, claim volumes by 74% and treatment volumes by a lower 60%.

FY of service date (ending 30 June)	% Increase Claims Treated (base 2000)	% Increase Cost (base 2000)	% Increase Treatment Volume (base 2000)
2000	0.0%	0.0%	0.0%
2001	11.8%	9.1%	6.5%
2002	18.3%	17.5%	10.1%
2003	26.2%	26.9%	12.3%
2004	32.4%	38.2%	13.6%
2005	39.3%	81.3%	23.1%
2006	50.3%	120.1%	35.0%
2007	64.3%	169.5%	48.8%
2008	73.7%	215.6%	60.4%

Increase in cost

There are two key drivers behind the increase in costs:

1. An increase in the number of claims treated
2. An increase in the average price paid for a physiotherapy treatment caused by:
 - a. move to the EPN contract
 - b. price increases
 - c. an increase in the use of Level B consultations

Number of Treatments

While the increase in volume of treatments is mainly driven by the increase in the number of claims, it is argued that there has still been some changes to treatment claiming behaviours since 2004.

- The median number of treatments has increased from 4 treatments to 5 treatments. The average has increased by 0.4 treatments per claim since 2004 or by 0.3 treatments per claim once outliers¹ are excluded.
- There is a higher percentage of clients with just one treatment. However, the proportion of claims treated with 3, 4 and 5 treatments has decreased. The total proportion of claims with 5 or fewer treatments has been decreasing (from 61% of claims in 2004 to 58.5% in 2008).
- Since 2004 claims with 8 to 10 treatments have been increasing.
- Since 2004 the percentage of claims with greater than 10 treatments has increased from 12.7% of claims treated to 15.3%.

Duration of Services

The duration of services has increased from a median of 21 days per claim in 2000 to 30 days per claim in 2008 (elapsed time). Most of this increase is since 2004 – under regulations only the median number of days was steady at 21 or 22 days. This is an increase in duration of 43%.

It is not clear what has caused this increase in duration, however, changes to durations of services could influence (or understate) the average treatments per claim and may have an adverse effect on ACC's rehabilitation rates.

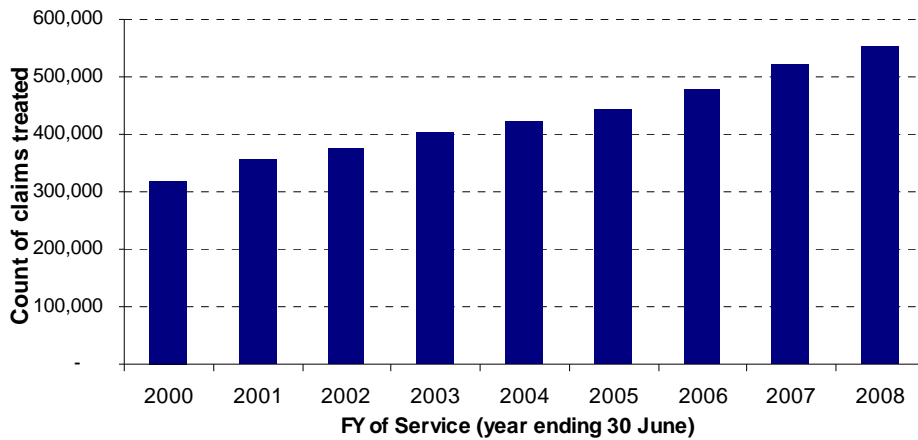
VOLUME OF SERVICE

FY of service (ending 30 June)	Number of Claims treated	Physio Cost (All costs - excl GST)	Average Physio Cost per Treatment (excl GST)	Total number of physio treatments
2000	318,247	\$ 39,739,917	\$ 18.97	2,094,934
2001	355,945	\$ 43,357,232	\$ 19.44	2,230,445
2002	376,415	\$ 46,683,221	\$ 20.23	2,307,407
2003	401,765	\$ 50,418,897	\$ 21.44	2,351,844
2004	421,387	\$ 54,915,525	\$ 23.07	2,380,668
2005	443,245	\$ 72,032,593	\$ 27.93	2,578,743
2006	478,368	\$ 87,480,951	\$ 30.94	2,827,752
2007	522,973	\$107,115,084	\$ 34.36	3,117,587
2008	552,724	\$125,406,817	\$ 37.32	3,360,098

¹ For this paper, outliers are defined as claims with a number of treatments that exceed 3 x Inter Quartile Range + the Third Quartile in the year. Essentially, an outlier is a claim with an unusually high number of treatments.

1. Number of Claims Treated

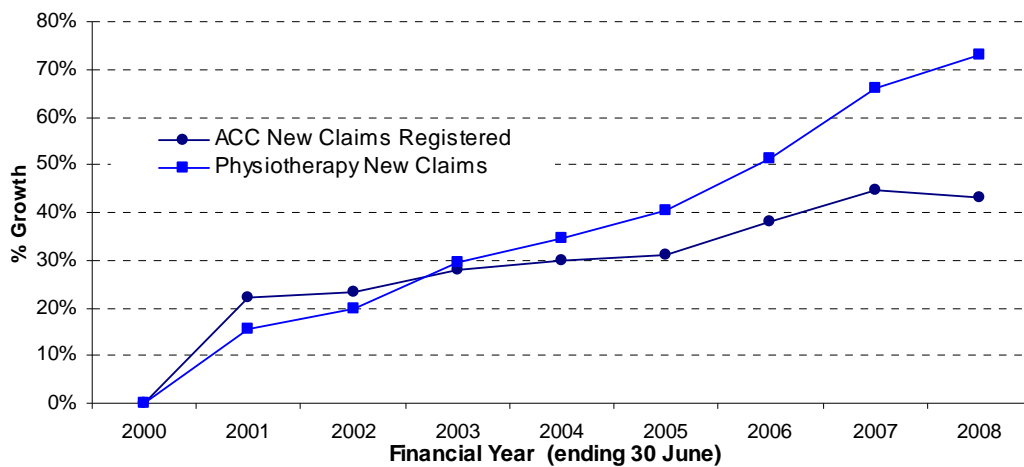
Figure 1: Total Physiotherapy Claims Treated



The number of claims treated per year has increased 74% since 2000. These figures include both new and ongoing claims.

The number of claims is growing at a faster rate than both population growth and overall number of ACC claims. Figure 2 shows the comparison of all ACC claims against new physiotherapy claims.

Figure 2: Growth in New Claims - ACC All compared to Physiotherapy Claims



The growth in physiotherapy claims was lower than all ACC claims until 2003 when growth in new physiotherapy claims began to rapidly increase.

It is most likely that the increase in number of claims is primarily driven by the improved access to physiotherapy that the EPN contract achieves.

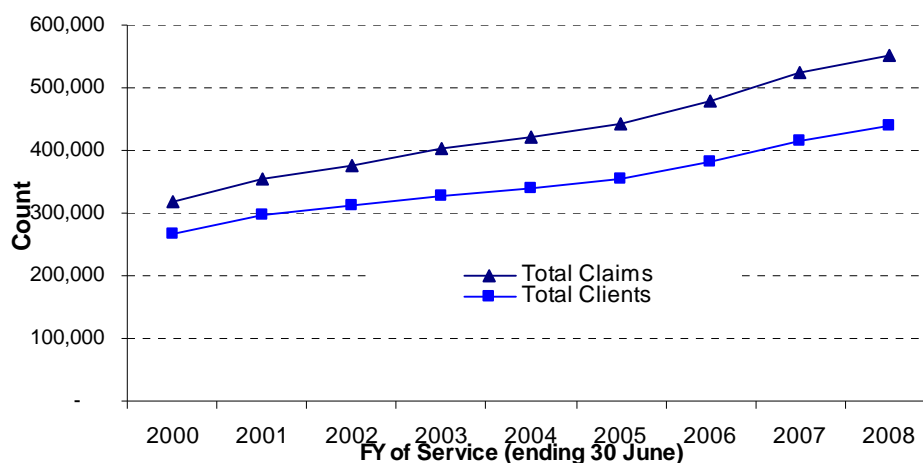
The physiotherapy almanac shows that the increases have been significant within the Med Fees claims (as opposed to entitlement claims). Clients in the age groups 45 – 64 years have increased by 91% since 2000 and clients aged 65 + have increased 60% which is substantially higher than the equivalent population increases.

Asian clients' use of physiotherapy services has increased from 2.18% of all physiotherapy claims to 3.92%. While Asian clients are still a small group, overall this is a substantial increase.

2. Number of Clients Treated

There is also an increase in the number of claims per client per year. In 2000 there were 1.19 claims per client which has risen to 1.26 in 2008. While only a small increase, this results in an extra 26,900 claims for 2008 and \$6.1 million in costs.

Figure 3: Total Number of Claims and Clients by Financial Year



There are a number of possible triggers for this increase such as:

- Improved accessibility of physiotherapy results in previously unregistered minor injuries being claimed
- The lack of a co-payment for EPN could provide an incentive to clients to lodge claims for non-accident related physiotherapy
- An increase in the number of clients that have another claim lodged instead of an ACC32.

It is not clear from the data what has caused this increase, however it has been steadily increasing since 2003.

3. New Claims versus Ongoing Claims

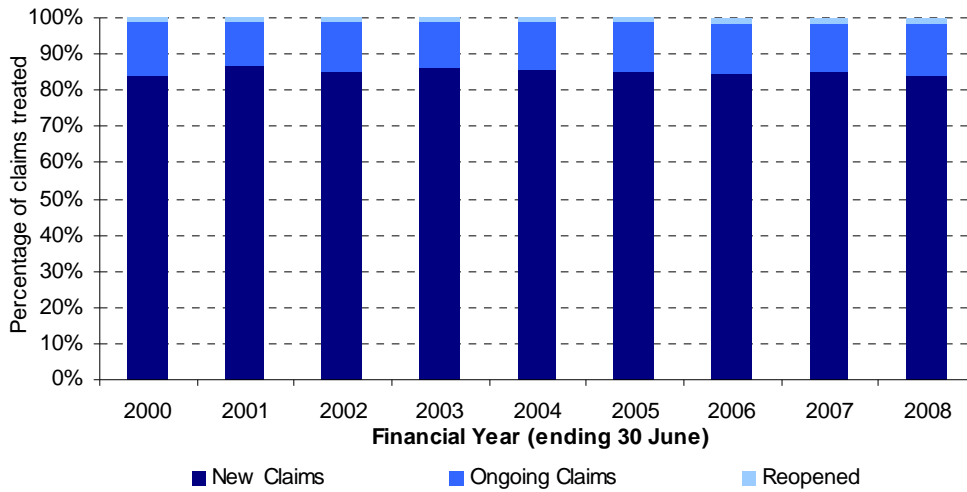
The table below shows the breakdown of claims treated into new claims (claims registered in the year), ongoing claims (claims registered in a prior year) and reopened claims (claims that had become inactive as per ACC's definitions and re-activated with further treatment).

FY Ending	Total Claims	Total Clients	New Claims	Ongoing Claims	Reopened	% New
2000	318,247	267,621	267,857	47,177	3,213	84.2%
2001	355,945	297,894	309,347	42,929	3,669	86.9%
2002	376,415	311,605	321,245	50,784	4,386	85.3%
2003	401,765	326,010	347,043	49,971	4,751	86.4%
2004	421,387	339,549	360,453	55,560	5,374	85.5%
2005	443,245	354,908	375,998	61,349	5,898	84.8%
2006	478,368	380,504	405,242	66,100	7,026	84.7%
2007	522,973	416,221	444,272	71,379	7,322	85.0%
2008	552,724	439,340	463,066	81,323	8,335	83.8%

The percentage of claims that are "new" has decreased from 86.4% in 2003 to 83.8% in 2008. The percentage of both ongoing and reopened claims has increased. While

reopened claims are a very small group (1.5% in 2008), the volume of reopened claims has increased 159% since 2000. This is shown graphically below.

Figure 4: Percentage of New, Ongoing and Reopened Physiotherapy Claims



4. Number of Treatments

FY Ending	Total Claims Treated	Total Treatments	Cost per Treatment	Average Number of Treatments	Median Number of Treatments	Average Number of Treatments (excl Outliers)
2000	318,247	2,094,934	\$ 18.97	6.6	5.0	6.3
2001	355,945	2,230,445	\$ 19.44	6.3	5.0	5.8
2002	376,415	2,307,407	\$ 20.23	6.1	5.0	5.6
2003	401,765	2,351,844	\$ 21.44	5.9	4.0	5.6
2004	421,387	2,380,668	\$ 23.07	5.6	4.0	5.5
2005	443,245	2,578,743	\$ 27.93	5.8	4.0	5.6
2006	478,368	2,827,752	\$ 30.94	5.9	4.0	5.7
2007	522,973	3,117,587	\$ 34.36	6.0	5.0	5.7
2008	552,724	3,360,098	\$ 37.32	6.1	5.0	5.8

The number of treatments each year has increased 60% since 2000 which is lower than the growth in claims treated (74%). However, since 2004 the growth in treatments has remained in line with the growth in claims treated.

The largest increases were during the FYs ending 2006 and 2007 both at 10% when compared to the previous year.

Figure 5: Total Physiotherapy Treatments

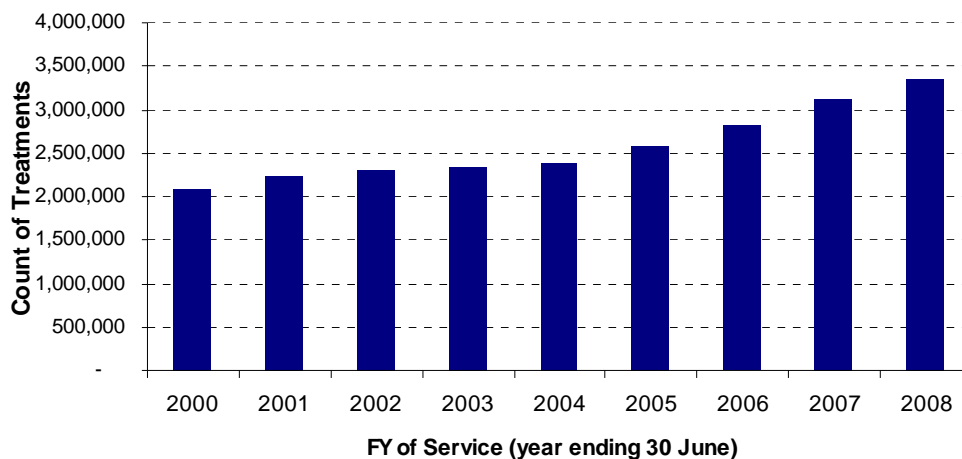
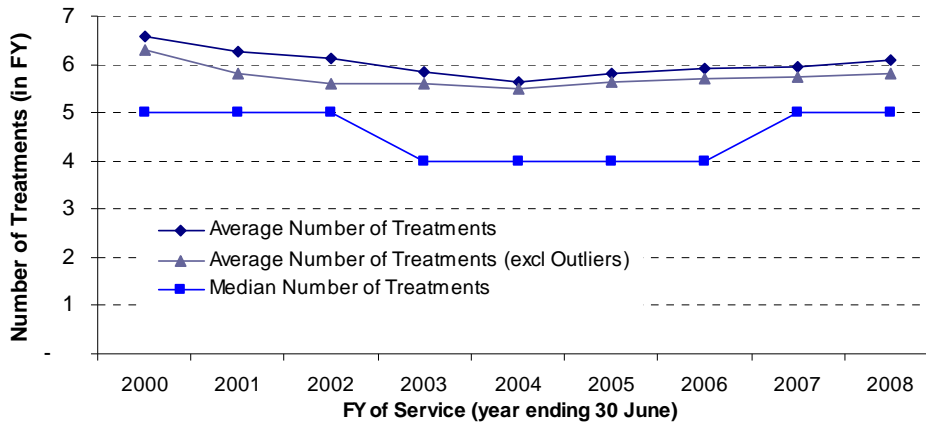


Figure 6: Number of Treatments per Claim (within the Financial Year)



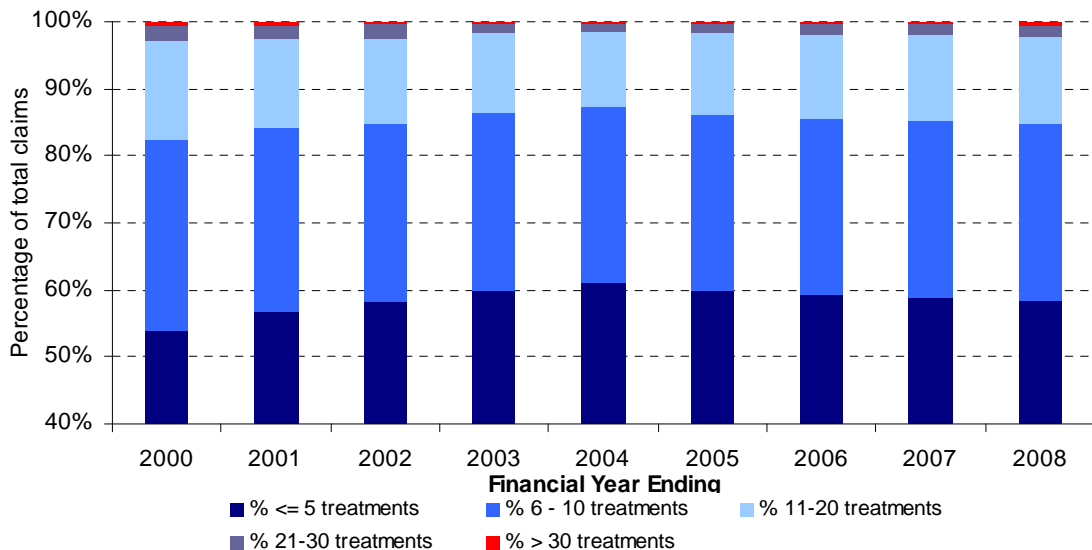
The average number of treatments per claim (per year) has declined from 6.6 in 2000 to 5.6 in 2004. Since 2004 the average has increased back up to 6.1.

The median number of treatments per claim has also moved from 4 treatments to 5 treatments.

As outliers can significantly influence averages, another average that excluded outliers is also displayed on the graph. This shows an increase of average treatments per claim since 2004. As at 2008 the average treatments per claim (during the FY) was 5.8, the highest since 2001.

While these are only small increases, given the large number of claims this indicates a change in claiming behaviour. The following graphs show the trend of the number of treatments per claim to help understand what changes have occurred.

Figure 7: Percentage of Claims Treated by Number of Treatments within each financial year



The figure above shows that since 2004 the percentage of claims treated that have 5 or fewer treatments has decreased from 61% to 58.5%. It is interesting to note that prior to 2004 (under regulations) this group of claims was increasing rapidly (from 53.8% in 2000 to 61% in 2004.)

The percentage of claims treated with 6 to 10 treatments has remained steady since 2002, while the all the higher treatment volume groups have increased since 2004.

As over 80% of claims treated have 10 treatments or fewer the following graph shows just this group of claims as a percentage. This shows that over time there is a higher percentage of clients with just one treatment. The proportion of claims with 3, 4 and 5

treatments has decreased. Since 2004 claims with 7 to 10 treatments have been increasing.

Figure 8: Percentage of Claims within each financial year by Number of Treatments (claims with 10 or fewer treatments)

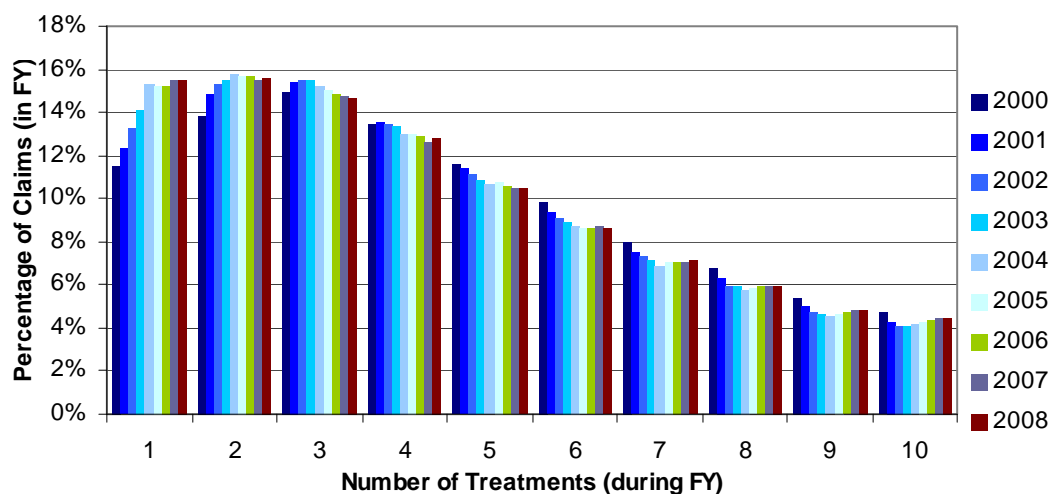
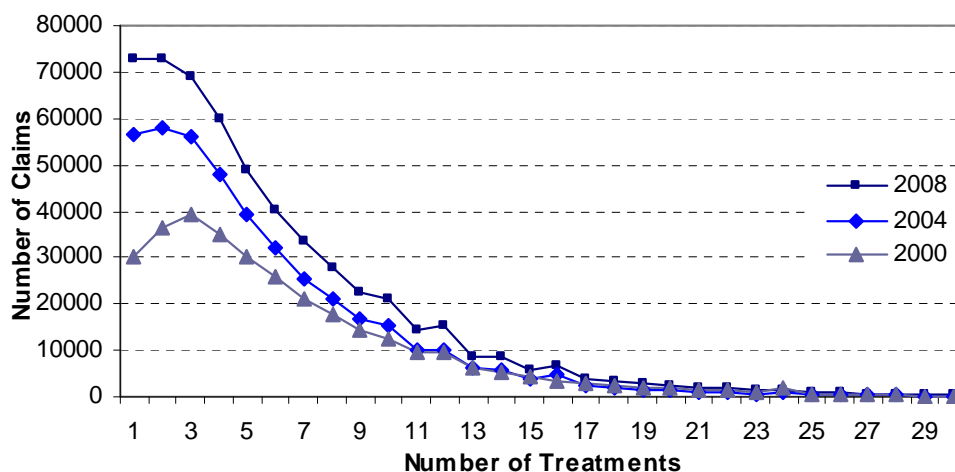


Figure 9: Number of Claims within each financial year by Number of Treatments (claims with fewer than 30 treatments)



While the increase in volume of treatments is mainly driven by the increase in the number of claims, it is argued that there has still been some changes to treatment claiming behaviours since 2004.

- The median number of treatments has increased from 4 treatments to 5 treatments. The average has increased by 0.4 treatments per claim since 2004 or by 0.3 treatments per claim once outliers are excluded.
- There is a higher percentage of clients with just one treatment. However, the proportion of claims treated with 3, 4 and 5 treatments has decreased. The total proportion of claims with 5 or fewer treatments has been decreasing (from 61% of claims in 2004 to 58.5% in 2008).
- Since 2004 claims with 8 to 10 treatments have been increasing.
- Since 2004 the percentage of claims with greater than 10 treatments has increased from 12.7% of claims treated to 15.3%.

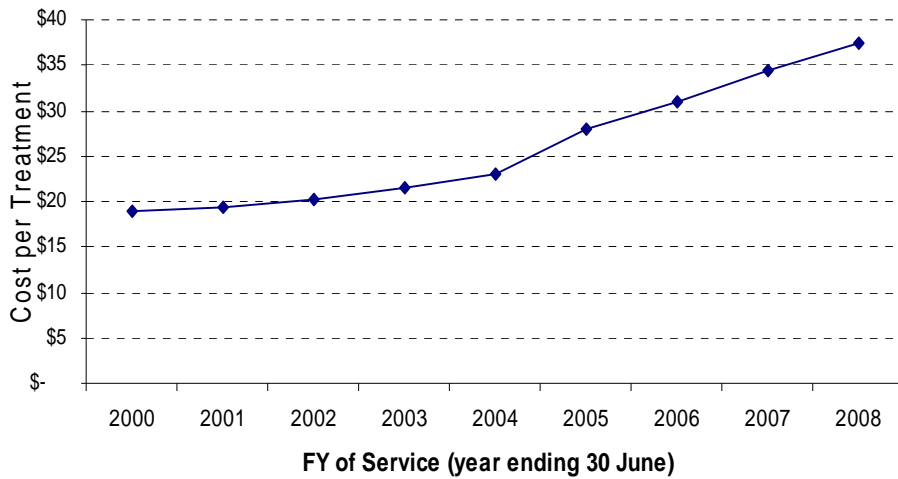
There is possible influence from the introduction of other programmes, such as Work Hardening and Functional Reactivation, that has not been considered above. The

movement of clients to these other programmes may have influenced the number of treatments per claim, however, this has not been explored here.

INCREASE IN PRICE PAID

5. Cost per Treatment

Figure 10: Average Cost per Treatment by Financial Year

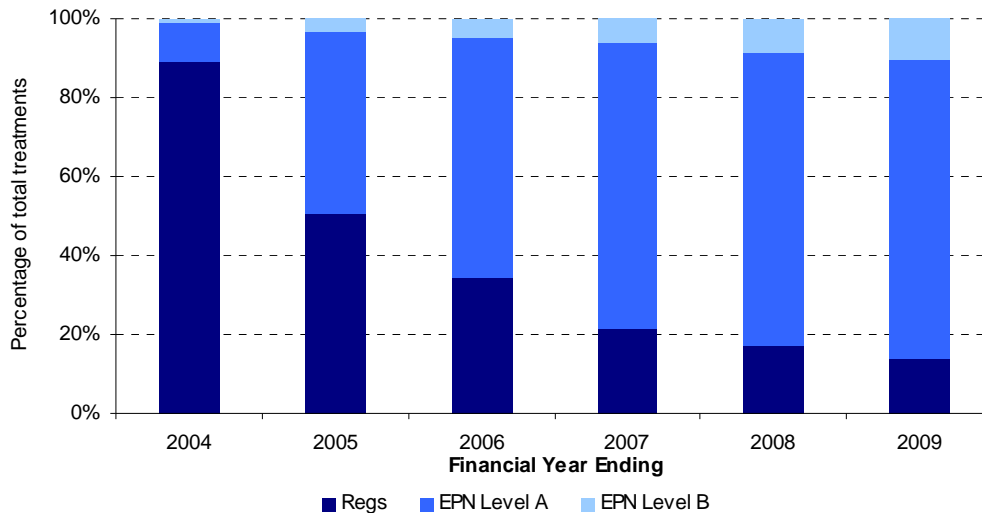


The graph shows the average cost per treatment paid by ACC for physiotherapy since 2000. Clearly, there has been growth since 2003. This is caused by providers switching from Regulations to EPN which has a higher cost compounded by annual price adjustments each year since April 2005. The amount paid for Regulations has also increased by \$9 per treatment since 2004.

Another contributing factor is that the EPN contract has two levels of treatment – Level A and Level B. Level B consultations are paid at a higher rate.

6. Ratio of Treatment Types

Figure 11: Split of Treatment Types: Regulations, EPN Level A and EPN Level B



As the EPN contract has two levels of consultations, one contributor to the increase in cost is a higher use of the Level B (more expensive) consultation. It is at the discretion of the provider to determine when the Level B consultation is appropriate. (Level B is an extended duration consultation where the injury is complex or post surgery.)

The graph shows the ratio of consultation types. Consultations under regulations have reduced to just under 14% of all physiotherapy treatments. EPN consultations are split into the Level A and Level B. Currently almost 11% of all physiotherapy treatments are Level B and 17% of cost of physiotherapy treatments is for Level B consultations.

DURATION OF SERVICES

7. Number of Days between First and Last Treatment

The discussions above have been prepared on the basis of the number of treatments a claim had over the financial year period. However, changes to the duration of services can also have an effect on the average number of treatments (i.e. if an increasing number of claims' treatments span across the financial year end, it could artificially reduce the average number of treatments in any one year). Changes to duration of services could possibly also have an impact on the overall rehabilitation rate.

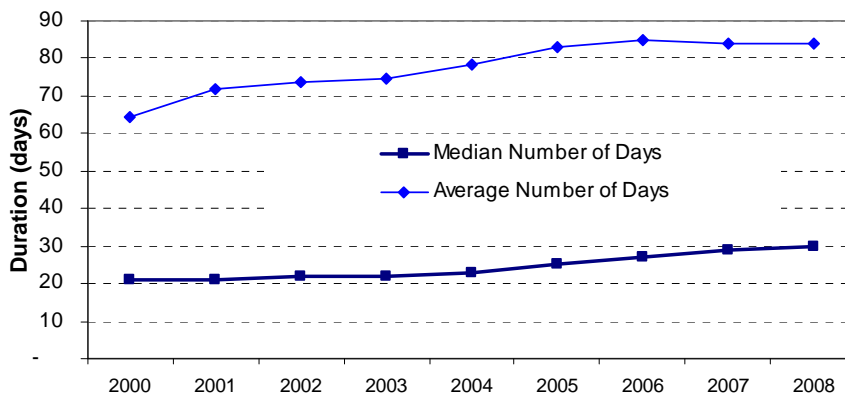
FY	Average Number of Days	Median Number of Days
2000	64.52	21
2001	71.67	21
2002	73.58	22
2003	74.54	22
2004	78.41	23
2005	82.99	25
2006	84.79	27
2007	83.96	29
2008	83.99	30

In order to measure duration all claims treated in the financial year were identified, then the number of days between the first and latest date of service measured regardless of which year these dates fell in.

The average has two serious limitations:

1. sensitivity to outliers – as a number of claims have long durations (i.e. 3000 days) the averages are skewed
2. cut off problems – averages from the later years, such as 2007 and 2008, are likely to be understated since claims may still be ongoing and the final durations will be longer

Figure 12: Number of Elapsed Days between First and Last Service Date



However, the average is still displayed here as it has increased by 19.5 days since 2000 (30% increase).

The median, which does not have the above limitations, has increased from 21 to 30 days. This is an increase in duration of 43%.

Under physiotherapy regulations only, from 2000 to 2003, the median was fairly steady at 21 or 22 days and began to increase during 2004 which coincides with the introduction of the EPN contract.

VERSION HISTORY

Version	Date	Changes
1	29 Apr 2009	First version issued.
2	08 May 2009	Paper updated to include claims from the EPN Pilot.

Appendix A: Summary of Information

The following tables display the key information relating to physiotherapy treatments claims within each financial year. Data is prepared using date of service of the treatment.

FY Ending	Total Claims Treated	Total Clients	Total Treatments	Treatment Spend EPN	Treatment Spend Regs	Total Spend	Cost per Treatment	Average Number of Treatments	Median Number of Treatments	Average Number of Treatments (excl Outliers)	New Claims	Ongoing Claims	Reopened	Claims per Client
2000	318,247	267,621	2,094,934	\$ -	\$39,739,917	\$39,739,917	\$ 18.97	6.6	5.0	6.3	267,857	47,177	3,213	1.19
2001	355,945	297,894	2,230,445	\$ 315,307	\$43,041,924	\$43,357,232	\$ 19.44	6.3	5.0	5.8	309,347	42,929	3,669	1.19
2002	376,415	311,605	2,307,407	\$3,556,524	\$43,126,697	\$46,683,221	\$ 20.23	6.1	5.0	5.6	321,245	50,784	4,386	1.21
2003	401,765	326,010	2,351,844	\$8,730,814	\$41,688,084	\$50,418,897	\$ 21.44	5.9	4.0	5.6	347,043	49,971	4,751	1.23
2004	421,387	339,549	2,380,668	\$16,078,960	\$38,836,565	\$54,915,525	\$ 23.07	5.6	4.0	5.5	360,453	55,560	5,374	1.24
2005	443,245	354,908	2,578,743	\$44,683,132	\$27,349,462	\$72,032,593	\$ 27.93	5.8	4.0	5.6	375,998	61,349	5,898	1.25
2006	478,368	380,504	2,827,752	\$66,456,521	\$21,024,430	\$87,480,951	\$ 30.94	5.9	4.0	5.7	405,242	66,100	7,026	1.26
2007	522,973	416,221	3,117,587	\$91,163,114	\$15,951,970	\$107,115,084	\$ 34.36	6.0	5.0	5.7	444,272	71,379	7,322	1.26
2008	552,724	439,340	3,360,098	\$109,007,721	\$16,399,096	\$125,406,817	\$ 37.32	6.1	5.0	5.8	463,066	81,323	8,335	1.26

FY Ending	PHY03 – number of treatments	PT01– number of treatments	PT02– number of treatments	PT03– number of treatments	PT04– number of treatments
2000	2,086,354				
2001	2,219,147				
2002	2,192,818				
2003	2,074,059				
2004	1,894,907	35,503	185,887	3,422	12,928
2005	1,298,094	177,287	1,019,764	16,671	66,916
2006	975,778	251,967	1,471,251	22,509	106,245
2007	667,913	332,789	1,916,847	33,485	166,549
2008	574,671	356,865	2,138,801	50,331	239,230

The second table only includes the main treatment codes and excludes the series of codes used for the EPN pilot.