

Patient Referral Leakage: How to Capture & Retain Rehab Revenue

A RehabVisions Whitepaper for Hospital and Health System Leadership

Executive Summary: Hospitals are losing millions annually to therapy referral leakage, often without realizing it. This article outlines the key operational drivers behind leakage and provides actionable strategies to retain referred patients, protect downstream revenue and elevate rehabilitation as a strategic service line.

Patient referral leakage (when internally referred patients receive therapy outside the hospital system) continues to be a significant challenge for hospitals, particularly in rural and community settings. Hospitals can lose an estimated 10–30% of potential revenue to leakage (Ref. 1), and in therapy specifically, the impact is even more pronounced.

Leakage affects far more than revenue. It disrupts continuity, reduces downstream utilization and weakens the connection between patients and the health system.

As hospitals face deeper revenue compression and shrinking outpatient margins, improvements in rehab referral capture can translate into meaningful financial performance gains.

The good news: **Patient leakage is highly solvable** when it comes to rehab therapy. Hospitals that address it successfully tend to focus on four core operational and strategic areas.

After nearly 45 years of working alongside hospitals to identify and improve critical areas, RehabVisions has

developed a clear, experience-backed understanding of what actually moves the needle. Here's what we know:

Make Therapy Access Simple and Reliable

Convenience plays an outsized role in whether patients stay in-network, and it remains one of the most controllable levers for improving referral capture. With nearly 60% of PT referrals leaving the system—an estimated \$3.1 billion in lost revenue nationally (Ref. 2)—improving access is essential.

Hospitals with strong rehab therapy access typically offer:



- Prioritized evals to move new patients into care plans faster
- Flexible or extended hours
- Clear, simple access points and signage
- A clean, modern, professional therapy environment

These are not simply face-value upgrades. They directly influence patient follow-through.

RehabVisions frequently partners with hospitals to redesign scheduling models, expand access windows and streamline intake processes in ways that consistently lift conversion rates.

Build and Maintain a Coordinated Referral Pathway


Most leakage occurs not because patients prefer outside

therapy providers, but because referral pathways lack clarity, follow-through or accountability.

More than 55% of post-surgical rehab patients end up receiving therapy outside the system due to weak referral follow-up (Ref. 3).

Without a structured process, even well-intentioned patients drift to outside providers—or worse, delay care altogether.

Hospitals that reduce leakage effectively establish:

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- Standardized referral workflows that all providers use
 - Clear communication channels between therapy and medical staff
 - Front-desk and clinical teams trained to guide patients toward appropriate in-system options
 - Proactive follow-up steps to close the loop on referrals


RehabVisions helps hospitals map their existing referral pathways, identify friction points and implement workflow improvements that increase conversion and reduce avoidable out-migration.

Recognize Rehabilitation as a Strategic Service Line

Rehabilitation is foundational to clinical continuity across orthopedics, neurosurgery, primary care, cardiopulmonary medicine and post-acute transitions—yet in many hospitals it remains under-leveraged.

Organizations that treat rehab therapy as a strategic asset, rather than a standalone department, consistently achieve stronger patient retention and more predictable outpatient revenue.

Hospitals that reduce leakage most effectively tend to view therapy as:

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- A core component of care continuity
 - A driver of readmission prevention and functional outcomes
 - A consistent contributor to outpatient revenue
 - A support engine for key service lines


This mindset shift matters. When therapy is part of strategic planning—as RehabVisions consistently encourages and supports—patient capture, quality and financial performance are strengthened

Ensure the Therapy Department Has the Infrastructure to Perform

A therapy department cannot support referral capture—or retain patients—without the operational infrastructure to execute consistently.

Challenges such as staffing instability, scheduling inefficiencies, space constraints and rising compliance demands directly impact a hospital's ability to keep referrals in-system.

Strengthening these elements is essential for sustained performance.

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- Strong recruitment and retention practices
 - Efficient scheduling and workflow design
 - Alignment between inpatient and outpatient services
 - Reliable documentation, billing and compliance systems

RehabVisions specializes in helping build and manage these structures, allowing hospitals to operate therapy departments that are stable, efficient and capable of supporting sustained growth.

What Happens When Leakage Improves

Hospitals that effectively address these operational drivers routinely see gains not only in referral capture, but also in patient experience, provider satisfaction, throughput and downstream financial performance.

These improvements are predictable and measurable. With many outpatient physical therapy plans of care in the 10–12+ visit range (Ref. 4), every patient who stays in-system carries meaningful downstream value.

While therapy referral leakage is estimated to drive \$3.1 billion in annual revenue loss nationally (Ref. 2), some regions face far more severe impact. In areas such as the Northeast where leakage rates approach 70%, the

resulting losses can exceed \$1 billion within that region alone (Ref. 5).

Turning this avoidance into in-system capture can mean millions of dollars retained.

These improvements strengthen both clinical outcomes and financial performance, helping therapy evolve from a leakage point into a growth-ready service line.

A Practical First Step

We recommend most hospitals begin by conducting a structured assessment of their therapy operations, focusing on where referrals originate, where patients drop off and which processes create barriers to timely access.

A focused assessment also includes:



- Staffing needs and recruitment challenges
- Workflow and operational bottlenecks
- Financial impacts related to therapy utilization

This diagnostic approach clarifies priorities and identifies the highest-impact improvements.

Interested in Reducing Your Leakage — and Strengthening Your Therapy Service Line?

Rehabilitation is too strategic—and too financially consequential—to leave to chance. We partner with hospitals to build and manage high-performing therapy departments that reduce leakage, expand access and support long-term organizational goals with measurable results.

Identify your fastest revenue win in rehab therapy. Learn how we can work together to strengthen your facility's rehab therapy services, reduce unnecessary out-migration and protect revenue that belongs inside your system.

References

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