



## CASE STUDY

# PT360: A Cooperative Physical Therapy Practice

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## Can a health care practice be democratic, worker-owned—and still grow and compete?

PT360 is Vermont's largest independent physical therapy provider. While the \$40 billion U.S. physical therapy sector grows increasingly consolidated, PT360 took a different path. The for-profit practice was designed as a worker cooperative--sharing ownership, decision making voice, and profits broadly among its worker owners. This case study shows: PT360 sustained rapid growth and profitability as a democratic worker-owned business. It blended traditional management and accountability with meaningful worker-owner voice and gave employees themselves the ability to take the initiative to change key policy.

### Company Name

PT360

### Industry

Health Care

### Size

36 employees, 4 locations

### Location

Chittenden County, Vermont

### Ownership Model

Worker Cooperative



# Story

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**In 2010, a group of 12 co-workers walked away** from their jobs at a traditional physical therapy clinic where they had little voice or control over their schedules and work lives, in order to launch a new kind of practice. They knew what they didn't want: a clinic where decisions were made without them. Their goals were simple but unusual: equal ownership and voice, shared risk and reward.

Some in the group met with an attorney. As they described the kind of business they hoped to build—he put a name to the structure that they described: worker cooperative. With new clarity the founding group of 12 coworkers spent months planning how their cooperative would operate, receiving early guidance from the Vermont Employee Ownership Center which helped them draft their bylaws.

Securing start-up funding was one of their first major challenges. Each co-founder paid for their member share and personally guaranteed the initial bank loan. They also raised additional seed funding from three individuals—family members of the co-founders—who became preferred shareholders and were repaid over time.

The company started with a single clinic and then rapidly grew. Today, it operates four facilities across Chittenden County, Vermont's most populous county. The firm has 36 employees and is the largest privately owned physical therapy clinic of any kind in the state.

**“We knew that the 12 of us wanted to be equal owners. We all wanted to have a voice. We wanted to have equal votes. We all wanted to put in money... Our success shows ‘worker cooperatives can make money.’”**

**– Deborah Harris, PT**

# What are work cooperatives?

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A worker cooperative is a type of business where the workers directly own and control the firm. The structure contrasts with conventional ownership models in closely held firms, where ownership is often restricted to a small group, not workers. In cooperatives, workers at all levels can become owners, share in profits, and vote on key decisions, with each worker owner holding an equal membership share and vote. Profits are typically distributed based on time worked. These for-profit businesses are designed to balance worker needs with sustainable returns.

## U.S. Physical Therapy Industry

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The physical therapy industry in the United States is worth about \$40 billion and is expected to grow another 17 percent in the coming decade as baby boomers age. A 2023 survey showed that two-thirds of PTs across the country worked for practices with fewer than 50 employees, yet the industry has been experiencing a wave of consolidations as hospitals, private equity firms, and other larger entities acquire smaller, independent physical therapy practices.

Despite the potential of the model, PT360 remains the only physical therapy practice in the United States structured as a worker cooperative.



# PT360 Business Design

At PT360, workplace democracy is supported by clearly structured processes that ensure employee voice.



## MEMBERSHIP

### A Clear Path To Entry

- **Eligibility:** All full-time employees become eligible for ownership (membership) after two years. Employees of all titles and income levels are eligible.
- **Process:** New members must buy a share and be approved by a vote of existing member-owners.
- **Participation Rights:** Members have an equal vote for board of directors and access to Owner Meetings.
- **Profits:** Being a member grants an owner the right to their share of the cooperative's annual profits (called a patronage dividend).
- **Take-up:** Most employees who reach eligibility choose to join. As of now, 18 of 36 employees are members, with many non-members not yet eligible.



## GOVERNANCE

### Worker Input

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## MANAGEMENT

### Professional Operations with Cooperative Values

- **Leadership Structure:** PT360 has a traditional management team. An executive director oversees the business, its finances, and large capital expenses, while supervising four clinic managers who oversee each of the practice's four locations.
- **Balance of Roles:** The management team handles day-to-day operations, while strategic decisions and major policies are informed by member-owner input and governance channels.
- **Collaborative Culture:** Respectful communication between staff and leadership reinforces transparency and shared purpose.
- **Authority:** Traditional management structure exists side-by-side with democratic governance. Owners are subject to all of the rules. Owners must seek approval for things like vacation time and flexible work hours. Cooperative ownership does not confer autonomy. In a healthcare environment, which is highly regulated, supervision and accountability are essential.



## PROFIT SHARING AT PT360

### Where Every Owner Shares in the Success

- **Wages:** PT360 offers competitive wages for both professional and support staff.
- **Profit Sharing:** What sets PT360 apart is its profit-sharing model, known as “patronage” in a worker cooperative. Each year, the cooperative's net profit is divided among its members, based on hours worked, not salary. That means that a receptionist and a PT who both work 40 hours per week receive the same patronage dividend, regardless of their pay. This approach to profit sharing reinforces the idea that every owner's time is valued. It is grounded in the principle of equal membership in which every worker owner has an equal membership stake.
- **How Patronage Works:** Members receive 60% of their annual share in cash, and 40% is retained in an individual capital account, which includes their initial investment and accumulated patronage.
- **Capital Accounts and Equity:** If the cooperative needs additional cash for operations, members can vote to transfer a portion of equity from capital accounts to the business. When members retire or leave, they receive a payout equal to the value of their capital account.

# How Policy was Changed at PT 360

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In 2022, the company expanded its parental leave benefit to include fathers and partners so that employees who are new parents, regardless of gender, receive paid time off. The way this policy change occurred illustrates something important about how worker cooperatives can give workers the ability to bring about policy changes that matter.

Earlier, women employees received 60 percent of pay for six weeks after having a child, and male or non-childbearing partners received no parental leave benefit at all. The company had lost young parents as a result.

Concerned worker-owners formed a group to examine policy options. They presented their ideas to the Owner Meeting, discussed it, improved the ideas, then voted unanimously to change the policy.

The Owners Meetings enabled worker owners to bring about a change to personnel

**“Current owners identified a gap where we were falling short and loudly vocalized a need for change...It really doesn’t matter what your title is, because everyone has one share and one vote.”**

– Deborah Harris, PT

# Amy Sheridan, PT360 Physical Therapist & Owner

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**“I think the difference with a cooperative really comes down to the vision-making role we have. It comes down to the bigger policy decisions. We discuss strategic planning; we discuss big picture questions about how we want to move forward as a company. We look at the next five years and decide we want to buy another clinic, open new clinic locations. That kind of big decision-making is made all together, with one vote per person. We all can present policy. We have committees to explore policy. We all vote on policy.”** By comparison, in a hospital where she had previously worked...

**“Everything came top-down. You didn’t have any input. If they say, ‘You’re working later,’ you work later.”** She also experienced working in a private practice where physical therapists did have input into how we would like the clinic to be run. Still, the two owners of the company made the final decision. **“We could say, ‘Hey we think this should happen.’ But we had no real decision-making ability.”**

## Challenges

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One key challenge PT360 faces is insurance reimbursement. Most patients have insurance, and insurance companies typically reimburse for shorter session times than PT360 therapists actually provide. As a result, practitioners often spend more time with patients than they are fully reimbursed for.

**“But for us, it’s about the quality of our patient care—and we have so many patients who come back,” explains Harris.**

Physical therapist and cooperative member Amy Sheridan adds:

**“With the changing healthcare market, slim margins, rising costs, and worsening reimbursement, many companies look for ways to increase revenue and cut costs. That often means altering patient care—bringing in aides or shortening visits.**

Here, because we have so many clinician-owners, we’ve really fought hard to protect the quality of patient care while finding other ways to generate revenue. It’s not the easiest route, but it reflects our commitment as a co-op to provide the best care possible.”

How do they stay profitable while offering more care than they’re paid for?

**“It’s getting harder and harder,” Harris admits. “I’ll be totally honest.”**

# Key Takeaways

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## **PT360 is a complex organization operating at scale as a democratic worker cooperative.**

- The model shows that a physical therapy practice, and by extension perhaps other health care practices can grow and compete as be democratic, worker-owned businesses.
- It suggests that democratic governance can fit alongside a traditional management structure in a healthcare environment.
- The cooperative structure provides distinct mechanisms for worker-owner-initiated change. It gives worker-owners the ability to organize around current employee needs. As the example of PT360's "Owner Meetings" described above demonstrates, substantial worker voice and democratic process can serve and strengthen a successful practice.
- There is some suggestive evidence that worker ownership may correlate with stronger patient care.

# Why is it Important?

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To our research team's knowledge, PT360 is the only employee-owned physical therapy co-op in the United States. Might the model be replicated? There are over 300,000 licensed physical therapists in the United States with 38,000+ clinics worth \$38-42 billion. The industry is increasingly important as the baby boomer generation ages; the use of physical therapy can dramatically lower overall patient treatment costs and offer aging patients a much better quality of life. Given the number of physical therapists searching for new business models and the importance of strengthening the job quality of practitioners and administrative staff in the industry, PT360's structure and practices may offer lessons for others in the field.