World Physiotherapy
Europe region

Briefing Paper - Awareness of the role of Physiotherapy in the economic system

Advocacy and EU Matters Working Group (A&EUMWG)

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CONTENTS

1. BACKGROUND

Physiotherapy, as a health discipline, has an important **economic**, **health**, and **social** impact. Whether in the private sector or integrated into the public health system, physiotherapists add value to the healthcare system, the economy and society in general (Jiménez et al., 2023).

In this document, we want to focus on the economic impact, which is one of the three pillars of physiotherapy as a health profession. There is a steady increase in the demand for physiotherapy services. Demographic forecasts and an ageing society expect a continued increase. From an economic perspective it is shown that physiotherapy not only makes a contribution to health, but also to the **economy** as a whole.

The quantification of the economic value of physiotherapy will provide an opportunity to engage with policymakers and insurance providers, highlighting the medical, social, and economic need for physiotherapy (or physiotherapists) and creating a strong case for policy change and coverage enhancement. The economic value, as already evident from studies (see point 3), is reflected in the cost-effectiveness of physiotherapy treatments, but also in the economic footprint left by physiotherapy itself.

It is important to quantify what physiotherapy can generate, in terms of health benefits and public health expenditure/savings. As an Austrian study shows, the direct, per capita gross value added per therapist is 49.2 thousand euros. For physiotherapy in Austria in the broader sense, the direct gross value added amounts to 1,114 million euros. The total fiscal impact of physiotherapy in Austria in the broader sense amounts to 442.7 million euros (Fichtinger et al., 2024).

1.1 The application of the economic footprint?

The Economic Footprint assesses scientific evidence of the economic impact an organisation/profession has. This enables a better understanding of an organisation's economic impact- both internal and external stakeholders. As a standard measure for assessing economic impact, the Economic Footprint also contributes to increased transparency and comparability. It also refers, like a concept of corporate to the term "creating shared value", an extension of corporate social responsibility, to explain ways of doing business in a socially responsible way while making profits (Menghwar & Daood, 2021).

Other applications include:

- basis for internal and external decision-making
- comparability at country, regional and global level
- measurement of contribution to R&D (research and development) policy objectives
- assessment of the contribution to the Sustainable Development Goals

The aim of this document is to **raise awareness** among the Member Organisations (MOs), their members and individual physiotherapists **of the role of physiotherapy in the national economy** and to **provide information** on how physiotherapy is connected to and affects the economy.

2. THE ECONOMIC FOOTPRINT IN PHYSIOTHERAPY

The economic footprint of physiotherapy includes the quantification of the economic effects associated with physiotherapy, expressed in terms of contributions to gross value added, employment and fiscal revenue (Fichtinger et al., 2024).

2.1 The added value can be seen in the consideration of 3 effects

2.1.1 Direct value-added effect

Direct value-added effect considers the value of gross value added or employment generated directly in the organisation. Employment reflects the number of jobs supported by an organisation's economic activities. Direct employment effects are the total number of people employed.

Examples:

- *The employment effect of physiotherapy indicates how many jobs are created and secured in and through/by physiotherapy*.
- *As a self-employed physiotherapist, I have to consider various running costs such as rent, insurance, therapy equipment and training. These expenses contribute directly to the local economy.*
- *As a physiotherapist, I pay income tax, social security contributions, membership and/or fees to the regulator. These contributions support the health and social security system.*

2.1.2 Indirect value-added effect

This can be seen when looking at the entire supply and value chain, triggered by the purchase of materials and services related to physiotherapy. Indirect jobs are those created by the purchase of inputs along the supply chain, while induced jobs are those supported by the spending of the organisation's employees.

Examples:

- *Physiotherapists collaborate with local sports shops, medical supply stores and other healthcare providers. This networking strengthens the regional economy and creates synergy effects.*
- *Physiotherapists commission suppliers and thus create further employment effects.*

2.1.3 Induced value-added effect

This is shown by expenditure of direct and indirect income generated by business activities.

Example:

- *The jobs created or secured generate income that is spent by employees (on consumption and investment) and stimulate final demand, particularly in the retail sector.*

3. COST EFFECTIVENESS OF PHYSIOTHERAPY

There are five main types of health economic analysis, which differ in terms of how outcomes are measured:

- Cost-minimisation analysis (CMA) (equal outcomes).
- Cost-effectiveness analysis (CEA) (outcomes measured in natural units, such as life-years).
- Cost-utility analysis (CUA) (outcomes measured in quality-adjusted life years, or QALYs).
- Cost-benefit analysis (CBA) (outcomes measured in monetary terms).
- Cost-consequence analysis (CCA) (listing costs and effects separately, without combining them).

Cost-effectiveness and cost-utility analyses are the most relevant for physiotherapy. They enable estimates to be made of the costs and effectiveness of physiotherapy as a stand-alone intervention and in combination with standard medical measures. Cost-effectiveness relies on a measure of the health change following a treatment. Economic studies on physiotherapy conducted in various countries have consistently demonstrated the significant cost-effectiveness and benefits of physiotherapy interventions.

These findings underscore the vital role of physiotherapy in healthcare systems worldwide, by improving patient well-being, in achieving cost savings and in more efficient resource allocation.

- Spanish research has shown that physiotherapy can lead to cost savings by reducing the need for surgical procedures and hospitalisations, particularly in orthopaedic and musculoskeletal cases (García-Álvarez et al., 2021).
- Studies in the US have highlighted the cost-effectiveness of physiotherapy in managing chronic conditions like back pain, reducing the reliance on prescription medications, and lowering healthcare utilisation costs (The Moran Company, 2017).
- Cost-effectiveness of physiotherapy has been shown for several musculoskeletal conditions, such as neck pain, chronic low back pain, knee osteoarthritis, hip osteoarthritis, and patellofemoral pain syndrome (Bürge et al., 2016).
- Economic evaluations in Australia have supported the role of physiotherapy in improving patient outcomes and reducing healthcare costs, especially in areas such as stroke rehabilitation and chronic disease management (Nous Group, 2020).
- In 2020, the Australian Physiotherapy Association, and more recently, the American Physical Therapy Association published in-depth independent reports related to the economic value of physiotherapy in several common health conditions in their respective countries. Some of the reported conditions are commonly reported work-related Musculoskeletal Disorders (MSDs). The results show that all of the investigated physiotherapy treatments were clinically effective and delivered net economic benefits. The improvements in quality of life experienced by patients exceeded the net cost of the treatment. (American Physical Therapy Association, 2023; Nous Group, 2020).
- The Bern University of Applied Sciences (Alexander Schurz et al., 2024) investigated the importance of physiotherapy in treating non-communicable diseases in Switzerland. The clinical guidelines examined recommend the use of physiotherapy measures for the majority of NCDs. Particularly noteworthy is the role of physiotherapy in musculoskeletal disorders such as osteoarthritis and back pain, in the rehabilitation of cardiovascular

diseases, in type 2 diabetes, and in the prevention and rehabilitation of falls. These recommendations focus primarily on medical training therapy, the promotion of physical activity, and educational and advisory measures. Health economic evaluations also show that implementing these recommendations is cost-effective. [Schurz, Alexander; Taeymans Jan & Lutz Nathanael (2024): The importance of physiotherapy for non-communicable diseases in Switzerland. Guideline-based recommendations and cost-effectiveness. Bern University of Applied Sciences]

- The new economic analyses of physiotherapy commissioned by the Chartered Society of Physiotherapy quantifies the economic and social value of physiotherapy across the UK.The report focused its economic modelling on four areas with a high burden and impact: knee and hip osteoarthritis, pulmonary rehabilitation, and falls and frailty prevention. The results show that these four interventions generate £723 million in direct savings for the NHS.The overall return on investment is 4:1 when health and wider economic benefits are combined.

4. BARRIERS

The two existing studies in Austria and Spain show that there is interest in evaluating the economic footprint of physiotherapy and that quantifications of the economic value of physiotherapy will provide an opportunity to engage with policymakers. However, there's also the question of how practical it is and what methods are needed. The following could make it difficult to put into practice:

- costs (we need more studies on this topic)
- unavailability of data on physiotherapists in a country
- accuracy of official available data
- a variety of economic and political systems in place across Europe
- undeveloped methodology

5. CONCLUSION

This information paper is intended to raise the awareness of the role of physiotherapy on a national level and, especially its economic footprint. Physiotherapy is cost-effective, in providing important health care services to the community. Physiotherapists also provide a noticeable contribution to the economy. Member Organisations should implement strategies to use economic footprint data to influence policy makers decisions and to build stakeholder relationships.

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GLOSSARY

Cost effectiveness in physiotherapy

An intervention is considered to be cost-effective if it costs less than usual care for an equal or better benefit in terms of health [Lara, A.; Monnin, D & Berchtold, A. (2019): Confrontation with cost-effectiveness in physical therapy. WCPT Congress 2019, Geneva.}

Economic footprint

Assesses the contribution of an organisation to the national economy. It comprises the total economic effects – from both direct corporate activities and along the entire value chain. The assessment is based on a range of indicators: income, employment, labor productivity, research and development (R&D) activities, and R&D intensity.

Economic burden of illness

The economic burden of illness refers to the total costs associated with a particular disease or health condition, which can be divided into two main components:

- *Direct costs*: There are the expenses related to medical care, including hospital stays, physician visits, medications, diagnostic tests and rehabilitation services. Direct costs also encompass expenses for medical equipment and nursing care.
- *Indirect costs*: These refer to the economic impact resulting from lost productivity due to illness. This includes the loss of income from missed work days, reduced work capacity and premature death. Indirect costs can also involve the costs borne by family members or caregivers who we need to provide assistance.

Overall, the economic burden of illness not only reflects the financial strain on individuals and families but also impacts healthcare systems and economies as a whole. Understanding this burden is crucial for policymakers and healthcare planners to allocate resources effectively and implement preventive strategies.

Employment

Employment reflects the number of jobs supported by an organization's economic activities. Direct employment effects are the total number of people employed. Indirect jobs are those created by the purchase of inputs along the supply chain, while induced jobs are those supported by the spending of the organization's employees.

Gross value added

The widely accepted method for measuring a company's direct economic impact is its contribution to gross domestic product (GDP). GDP is both a proven indicator of the market value of goods and services produced and a more comprehensive measure of contribution than profits alone. The technical term for the GDP contribution of a company is gross value added (GVA). GDP is a measure of gross value added of all economic actors in a country, plus taxes and minus subsidies. The system of national accounts defines GVA as the value of output minus the value of intermediate consumption. Output refers to the total of products created during the accounting period (Eurostat 2013). Intermediate consumption consists of goods and services consumed as inputs in a production process, with the exception of fixed capital goods. This is recorded as consumption of fixed capital. The goods and services are either transformed or consumed by the production process (Eurostat 2013).

Fiscal revenue

Fiscal effects refer to the financial consequences or impacts of government actions on the national economy, often involving changes in spending, taxation, and government debt. These effects can be either positive or negative, depending on the nature of the policy and its overall impact on the economy. [Fiscal Policy: Economic Effects. (2025, Mai 4). https://www.congress.gov/crs-product/R45723]

Fiscal effects encompass the changes in government revenue, spending, and debt that result from policy decisions. These policies can be designed to influence macroeconomic conditions like aggregate demand, employment, inflation, and economic growth.

Value added and employment serve as tax and contribution substrates for the tax authorities. In conjunction with a fiscal matrix linked to the models for calculating the Economic Footprint® as shown in an Austrian study , it is possible to determine not only the tax and duty effects directly dependent on remuneration, but also the broad spectrum of general (mostly indirect) as well as additional sector- and activity-specific taxes and duties.[Fichtinger, M.; Grohall G.; Groß, M.; Grübl, D.; Helmenstein C. & Zanol, A. (2024): Importance and development of physiotherapy in Austria. Study commissioned by Physio Austria. Econimica. Vienna]