

Fifty-Two Cents on the Dollar

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On a recent trip to a large Southeastern city where I was conducting an acupuncture orthopedics symposium, my wife and I were able to make time to visit her best friend from childhood and her husband. What I experienced that evening would rank as one of the more disturbing revelations of my career.

The husband is a very popular, well-known, dedicated physician specializing in internal medicine and pediatrics. He is the principal and chief executive officer of the largest physician group in this vibrant, upscale city. Before, during and following our dinner, we were approached by no less than eight different people just wanting to say hello to this "pillar of the community" who is apparently known far and wide. After all, since his medical group is the largest, he sees most of the potential patients in that part of the city. His clinic has most specialties attached to it, and it is located in a beautiful building in a spectacular setting.

By anyone's assumed evaluation of this doctor, you would without question think he had reached the so-called pinnacle of success. Besides being a very caring, loving, dedicated doctor, he is a businessman of intimidating proportions. It would be very obvious to anyone that this doctor has the practice, financial income - and ability to manage both - to literally have and do anything he wants.

Imagine my shock, then, when during the course of the evening, as the topic moved to golf, I discovered this doctor had dropped his membership at the local country club because he found himself working so much, he literally didn't have the time to play golf. However, what really brought me to my knees occurred when he stated, "And besides, I can't afford the membership." He admitted to having no time to play golf because if he didn't put in the hours he does, the clinic would not meet its financial requirements. All of his business partners scheduled their patients in the same fashion, and all of them were putting in 60-80 hours per week. All of this was done in an attempt to meet the overhead expenses of the clinic.

I am sure my shock and disbelief were as evident on my facial expression as they were in my voice as I shouted, "What do you mean you can't afford the membership? You operate the largest clinic in the entire city. That's impossible!" This really bothered me!

The doctor went on to explain that with insurance reimbursement, PPOs and HMOs, collecting the fees for medical service was a major challenge. He went on to say, "In fact, I've studied it from every angle and regardless, we earn 52 cents on the dollar!"

He went on to say the major problem is that the laboratory he used bills their clinic for 100% of their service, but they only receive 52% on average. For example, if laboratory tests are \$100, the doctor only receives \$52 from insurance reimbursement. This same scenario is repeated in every phase of business. The mortgage on the building is billed at 100%; the payroll for office personnel is paid at 100%; and malpractice and all other insurances are billed to the doctor at 100%. However, the doctor only receives 52 cents on every dollar billed to insurance companies. Obviously, we can carry this to a multitude of examples, such as the grocery store, the movie

theatre, the clothing store, the accountant, the barber, etc. Everyone who charges us bills us 100% of the service. We are expected to pay 100% of the bill. It doesn't take a mental giant to realize that if everyone in our lives who charges us a fee is at 100%, and we only collect 52% for every dollar billed, this is the recipe for sure failure. Remember, taxes are also billed at 100%.

How in the world did the healing arts ever become involved with this type of insurance billing in the first place? To me, it is one of life's major phenomena. However, since this event happened to me, it has caused me no end of turmoil -- until I made the discovery that so many practices would love to collect as much as 52 cents on the dollar. Many practices of all disciplines are literally collecting 40-47% of what is billed. Thank goodness there are some who do much better than that, but unfortunately they are few and far between.

The bottom line is, why do we feel as a profession (the healing arts) that a patient will not seek our service unless an insurance company pays for it? What insurance company pays for your grocery bill; haircut; tax accountant; trash pick up; utility bills; and the scores of other services that we pay for regularly?

As the doctor and I discussed the problem, I couldn't help but speculate: what if he literally cut your practice volume in half and began working a customary 40 hours a week instead of 80? What if he simply charged a legitimate office call fee to half the number of people he currently sees, and collected 100% of what he serviced? Wouldn't his practice's financial figures literally double as the practice became more manageable? He could begin having fun in practice, have time for family -- and relax with that golf game.

Having conducted a total "pay for service at time of delivery" practice for the last 16 of my 32 years in practice, I find it so interesting that last year, for example, my clinic actually collected \$27.00 more than it rendered. This was due to the fact someone had carried over a balance from the year before. I believe the worst year of collections we had in the clinic was the year we did not collect a little over \$200 for services.

To the licensed acupuncturists, chiropractors and medical doctors reading this, please be aware that the outpatient services we provide are not an outrageous expense. There are a variety of procedures requiring hospitalizations, tests and treatments for which insurance definitely eases the financial burden; however, for the average practitioner who is seeing patients on an outpatient basis, pay for service is most certainly a very viable option.

Take a good hard look at your practice. What is your financial bottom line? What percentage of the service are you actually collecting? Put a sharp pencil to the figures. Remember: there are literally hundreds, perhaps thousands of doctors who have decided to go into businesses other than their chosen healing field only because they could not afford the cost of operating a clinic. Far too often, I am approached by former physicians who have stopped practicing and are now working in, of all things, financial consulting. I find it so difficult to place my trust in someone seeking to offer me financial guidance when that person could not manage their own affairs.

We have far too much to offer humanity to allow an insurance mentality to destroy our mission, talent and destiny. Be able to justify your fees to yourself, and attain a quick healing response in the shortest time possible. Recommend management follow-up care a maximum of four times a year, or as needed if the patient requires more than four times a year, as opposed to the all-too-infamous once a month. You will find that for patient retention, this idea alone is priceless. Remember: it is much better to see a patient as the dental profession does twice a year for maintenance, than to try and prescribe more treatment than the patient can justify. Patients will always return to us if they feel they have received good value for their dollar and have not been

taken advantage of. Throughout life, there are numerous instances where "less is more."

Realize that what you are charging for an office visit pales in comparison to the costs of surgical procedures, hospitalization and extensive medical screening. The patient is more than willing to pay a legitimate office fee as long as the success of treatment can be accomplished in a relatively short period of time. Acupuncture and chiropractic procedures are famous for their quick clinical response. The worst thing one can ever do in practice is to overutilize. I repeat -- less is more!

We in the so-called "alternative and complementary" healing arts are without question sitting in one of the best positions any profession can possibly be from a financial perspective. As long as we do not become a slave to the insurance industry and our fees are legitimate, justified and collected, our future is secure.

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