



BILLING / FEES / INSURANCE

## To Your Financial Health

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A very good friend of mine, whom I consider to be a highly knowledgeable and reputable source, informed me that only about 30 percent to 40 percent of licensed acupuncturists are surviving in practice. That is simply appalling. If it's true, that means 60 percent to 70 percent of you are attending acupuncture schools or colleges, investing a lot of your time and money to graduate, sweating through state and national license exams, often emerging with pretty hefty debt loads (in terms of student loans) and then not even making it!

Is it the economy? Maybe, but I don't think that's the entire answer. Most other health professions are pretty recession-proof. They are much more successful than 30 percent to 40 percent - so why are acupuncturists suffering?

Most people who enter a health profession do so for a simple reason: They want to help people get well. The various health disciplines all want to accomplish this as a professional mission - we just do it in different ways. Healing arts are one of the most worthwhile levels of service available to society. Correspondingly, they should be the most rewarding - emotionally and financially. Acupuncture, according to most studies, is shown to be a highly effective form of healing and is at least comparable to the other healing professions in those terms. So where's the money?

We are all very used to evaluating someone when they first come into our offices, finding a diagnosis, and then applying some sort of treatment. Let's look at your financial health the same way you would look at any patient, starting with the "chief complaint." What about your financial situation bothers you the most? One unfortunate truth is that many acupuncturists work very long hours and don't seem to make enough money to pay the bills. This causes anxiety, fatigue and much frustration. It often robs them of quality time with family and friends, and contributes to their own "dis-ease." It deprives them of the healthy lifestyle they espouse to their patients.

### Taking Your Financial "History"

If you were my financial "patient" and this is what you presented to me, one of my first "history" questions would be: Are you charging enough for your time? Having spent 20 years working with hundreds of acupuncturists in the acupuncture orthopedics program, this problem has caused so much concern that we now spend about half of the first module going through practice setup and management tools. It is my experience that acupuncturists don't charge enough, and whatever they do charge, they discount the heck out of. This often is done for *emotional* reasons. Throw in low volume due to inadequate marketing, low fees, and growing dependency on third-party payers (health insurance, personal injury, workers' comp), and you have a recipe that isn't appetizing.

Let's take the emotional aspect out of it. After all, while you are a healer, you also have to be a business person. Let's be clear: You are running a business. It's the business of helping people get well, but it's a business. Let's do an "exam" on your business.

### Doing a Financial Exam

All businesses have income and expenses. To win you have to have your income exceed your expenses. So where is your income? Principally, your income is derived from services you provide (acupuncture, *tuina*, etc.), which are very time-related. Secondary sources may include products you sell to patients (herbs, braces, etc.) in conjunction with your services. There is only so much time you can spend, so how much money are you bringing in for your time?

Before you answer that, let's look at the other side of the equation - your expenses. This varies widely among acupuncturists. Some strive for a more extravagant lifestyle, while others enjoy a more Spartan living.

The best way I know of to examine your income and expenses is to construct a budget. First, figure out all of your monthly office expenses and then evaluate your monthly personal expenses. Next, determine some future personal goals; examples might include owning a home or condominium, pets, and having children.

I will be happy to e-mail you a budget form you can complete privately that will walk you through your own expenses, or you can pull out your checkbooks and achieve a similar result. It's pretty sobering to look at, but if you are honest with yourself, you will see the truth: The lower your expenses, the less hard you have to work and the lower your fees can be. Remember, don't cut professional corners! Finally, I recommend investing some time and money by taking your numbers to a financial advisor, such as a CPA experienced in health practice businesses, to verify that what you have put in your budget is real.

Now that you know your expenses, how much time can you spend making enough income to cover and exceed them? Some of us can work much longer hours than others, so you have to be honest with yourself. Whatever number of hours per day, days per week and weeks per month you can see patients, that time is an important factor. The less you charge, fee-wise, the more time you have to put in and/or the higher your volume has to be. For each of us, there is a healthy balance point.

Once you figure out the hours you can healthfully work, divide the expenses into the time. Now you will reach a certain rate per hour. That number is critical in terms of knowing what to charge. If you need to make \$100 an hour to pay for your personal and business expenses, but your fee for a session is \$50 an hour, you can objectively start to see a problem: You are charging less than you need to make. Simply put, you aren't charging enough.

### Making a Diagnosis

Are you charging enough for your time? If not, you aren't working long enough hours, your fees are too low for your expenses or your patient volume is inadequate. Perhaps it's all three. However, to change things, you have to look at your financial diagnosis straight on. Denial never brings about change.

### Financial Treatment Plan

Now that you are aware of the problems, what are the solutions? Usually, it's going to involve raising your fees, scary as it may sound. Try avoiding the "longer hours" route, since most of us do way too much of that to be healthy. The other factor, of course, is to increase your volume.

Have your fees match your budget and STOP giving so much away! To increase your volume, rather than becoming overly dependent on third-party entities, refer to my last article in *AT*, "The Art of Getting Patient Referrals" ([acupuncturetoday.com/mpacms/at/column.php?c\\_id=143](http://acupuncturetoday.com/mpacms/at/column.php?c_id=143)). Hook up with enough referring practitioners, and you'll have more new patients than you'll know what to do with.

If you are like me, you will have the patient pay for your services, and then either give them a "superbill" with the right codes they can send in, or bill their insurance for them. Remember, avoid depending on their insurance carrier to pay you! That is a contract between the patient and their insurance company, not a contract between you and their insurance company. If they are dissatisfied with the level of reimbursement, it is their prerogative to get a different carrier, a better plan and/or push for better reimbursement. Even the term *reimbursement* implies the patient pays you first and then are paid something back or "reimbursed" by their carrier.

One of the best followers of this philosophy is the dental profession. Most dentists I have encountered have practiced this way for many years and do very well financially. Of course, collecting your money puts added pressure on you to get faster results. Are you up to the challenge? Are you confident in putting your skills to the value test? Personally, I love meeting that kind of challenge with each and every one of my patients.

Like all health care practices, acupuncture is not always 100 percent effective. However, it is an extraordinarily valuable health discipline. According to the latest federal numbers, about two-thirds of the U.S. population now use complementary and alternative medicine (CAM)! This is a substantially increasing number, up from 43 percent in 2002 (WHCCAM Final Report).

As acupuncture is part of CAM, it is high time to make that count. It is time to bring the 30 percent to 40 percent success rate up to 90 percent to 100 percent. You can bring about this change - here's to the knowledge that you will. Such a great profession certainly deserves it.

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