

## Are You Trying to Go Bankrupt?

I recently talked with a doctor who is facing bankruptcy. How can a thing like this happen? He didn't spend himself into it. He failed to charge and collect enough to stay in business. There is a certain craziness about fees with some people. At least I think it's crazy. Let me tell you a little story that will begin to explain.

Back in the '60s, a new chiropractor graduated school got licensed and bought a practice from a retiring DC. The practice was in an ordinary working class neighborhood -- solidly middle class. It's important you remember that.

When he opened the door to his new practice, he worked alone: no secretary or assistant. He had no malpractice insurance (chiropractors didn't get sued). He had no computer (didn't need it). His fire insurance was a modest liability coverage. He had no answering machine, no copy machine, no fax, no e-mail and no Fed Ex. It would be years before a patient brought in an insurance form. Got the picture? It was a very simple practice.

The doctor opened the door to the waiting room, looked out, asked "Who's first?" and began his career. After taking care of a patient, making whatever recordkeeping/patient care notes he felt he needed, discussing the next visit, etc., he told the patient, "That will be \$5 for today." He collected the money and put it in his pocket. He walked the patient back to the waiting room and asked, "Who's next?" No billing. He was paid. And so it went.

While a \$5 fee seems laughable today, back then it paid the overhead, bought what a young family needed, and in a few years, allowed him to start construction of a new clinic. Within a few more years, a riverside home was purchased. That \$5 fee provided a handsome living for cost of living at the time. DCs didn't go bankrupt.

Today, that \$5 charge for an adjustment, adjusted for inflation, using the U.S. Government Cost of Living Index, would be \$40-45 for the same services under the same circumstances.

I can't think of anyone I know who runs a practice that stripped down. The standards of care that today's practitioner are held to demands far more of doctors and offices. So why are doctors practicing today (in far more prosperous areas than those I just described), taking care of more people and delivering a far greater service for a fraction of what today's economy and common sense demands? I don't get it.

While we may have increased our piece of the health care pie, we certainly haven't reached the point where we own the market. The number of chiropractors today is proportionately greater than the increase in patients/chiropractic usage. Is the increase in DCs causing a sort of "panic pricing"? Do we underprice to lure away another doctor's patients? How can we be doing this and not go out of business? In one word, insurance. It's not so much that we overcharged the insurance carriers through the years. We probably just kept up with inflation.

It is more than the emergence of insurance patients. During the period that insurance actually used to pay fairly well (remember that time), we were able to subsidize our uninsured patients.

The late '70s and into the '80s saw that system go out of kilter. A doctor who had always had a cash practice (it was the only kind there was until then) now had patients with insurance coverage. There was now billing, pressure to accept assignment; more exams and testing; need to keep more and better notes; itemizing of services in billing. However, the chiropractor did get paid for most of what was billed.

Life was good. Doctors made more money than ever before. But a problem was developing. We began to think of patients as either cash patients and/or insurance patients. A mindset developed. We began to be embarrassed about how much money we made on insurance and guilty that the "poor cash patient had no one else to pay their bills." Never mind that this poor cash patient had been paying cash before insurance.

Then we began to "dance around our fees" to avoid the dreaded double fee system. We didn't seem to know how to justify our fees to someone else, much less ourselves. We were embarrassed to admit that we felt guilty about charging for what we did. Insurance, or more accurately the fear of losing it, seemed to take away our ability to think things through. We couldn't seem to see that the cash patient is still a great deal like the 1962 patient, while the insurance patient takes a whole lot more work and has to pay not higher fees, but just pay for what we do, including their higher overhead.

There we were making money, pleased with success and yet somehow feeling guilty. I can think of nothing else that explains what happens during the "fee dancing." We begin to cut our fees for cash patients, or just not raise them over time. It solves the problem for awhile.

Now, project our profession forward a generation. We developed a generation of patients who don't want to pay deductibles and/or copays. They have heard that if you ask, your fees will be cut, not out of need,\* but because they want the money for other things. We have cash patients paying fees so low that they do not pay for the actual cost of the doctor taking care of them. The 1962 doctor would not have considered this. He had bills to pay, a family to raise and believed that chiropractic had worth.

Is it the fault of insurance that we are sinking in this pool of crazy fees? Is it the fault of insurance companies that doctors go bankrupt? And with the direction that insurance is heading, it may not make any difference pretty soon. We'll be back where the profession was without insurance. The trouble is, we won't have kept up with inflation and cost of living. Many doctors don't know how to make the patient want what we have. Patients have been taught some very bad habits. Were '60s doctors smarter? In some ways. I'll talk about that next month.

I haven't written a topic that's gotten people "whipped up" for a while, and while it's not my intent, if it does, think the topic over seriously for a long time. I don't want to advise you or argue with you about how much to charge for your services. That's up to you. Just think about what you're doing and ask yourself whether it makes sense in the long run for you and the profession.

In my next column, I'll give a few ideas on how to begin changing the situation. See you then.

- The number of patients that actually need a fee reduction is a tiny fraction of those who want a fee reduction. If you'll take less, they will have more for the other things they want. Sadly, they "know" what you do can't be worth what you charge since you so easily reduce your fees.

