

Raise Your Fees Now

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In today's competitive health care marketplace, many chiropractors are struggling to become or remain profitable. What do you do when insurance seems to be persistently eating away at your bottom line, the doc down the road is charging \$15 a visit, and the costs of doing business keep escalating?

Raise your fees - now! Believe it or not, raising your fees might be the best thing that ever happens to your practice and to your patients. In fact, if your patients knew what you're about to find out, many would actually *want* you to raise your fees.

In my experience, most loyal patients would prefer to pay a little more in increased fees rather than suffer reduced quality or service, or worse yet, watch their favorite chiropractor forced into early retirement or sell the practice because it was not providing the income to meet their needs. One bit of advice I extend to all of my private clients is that selecting and maintaining an ideal fee structure is a vital ingredient to a healthy practice.

Quality, Service or Low Price - Choose Two

It's impossible to provide the highest quality, the best service and the lowest price without killing your practice. This is true not only for chiropractic, but also for all businesses. You can have two out of three, but the laws of economics will not permit a business to maintain all three at the same time. No one can be all things for all people.

Let's take a few examples. A trip to Nordstrom will demonstrate a retailer that emphasizes both high quality and high service, but not low price. Wal-Mart, on the other hand, is definitely about low price. On a good day, maybe you get decent service. McDonald's success is based on high service (you get your food quickly) and low price. Few go to McDonald's for quality burgers.

Which will be the dominant value for which your chiropractic practice will be judged: quality, service or price? Before you answer, consider the following:

Maintaining the Standard of Care

If Chiropractor A performs an adjustment, they are held to the same standard of care as Chiropractor B performing the same adjustment down the street. That means if you perform a side-posture adjustment to L5, you also have performed an adequate history, examination and workup to ensure a safe adjustment of the patient that will help more than harm.

The clinical training in chiropractic college to meet the minimum standards required by your state for you to be a licensed chiropractor are the same for both chiropractors. Requirements for board examination scores are the same. State fees for licensure are the same. Likely, if both were licensed at the same time and practicing in the same town, their malpractice carrier's rates also are the same.

Here's where the difference occurs. What if Chiropractor A charges \$50 for the adjustment and

Chiropractor B charges \$60? Both chiropractors are held to the same standard of care, both received the same minimum training required for licensure. But Chiropractor B charged 20 percent more for the same service.

If you can't perform an adjustment to the same level as another chiropractor, you should not charge equally. However, I have yet to consult with a single chiropractor who has told me they charge lower fees than other docs because they aren't as skilled as the other guys. If you can perform the adjustment as well as your colleagues, but are charging less, it's time to adjust your fees. It's also time to clearly identify what type of practice you would like to have.

Wal-Mart or Ritz-Carlton?

I am admittedly biased in favoring certain types of practices. I believe most patients want the best chiropractic care available, but some have to settle for the lowest price. It's important you understand the distinction.

When most people hear the name Ritz-Carlton, a high-quality, high-service, prestigious hotel chain comes to mind. Wouldn't you like your patients to have similar thoughts about your practice? On the other hand, Wal-Mart provides low prices and may give decent service, but shoppers understand they can't also have the highest quality. For economic reasons, many low-income chiropractic patients are forced to shop for the cheapest price. But are those the patients you really want to attract?

Your patients might joke about their fees making the next payment on your Mercedes, but most patients don't really want their chiropractor driving a 1978 Dodge Dart, either. Human nature is such that most people want the best quality and service available, and they realize quality costs more.

Deciding What to Charge

If you want to market your practice primarily based on the lowest fees, the decision is easy. Assuming you can afford a CA, have them pretend to be a patient and simply call up all the chiropractic offices in the area. Write down all the fees of your neighboring chiropractors and make yours lower. The word will spread and soon you will have more patients. You will need to learn how to operate your practice on the lowest overhead possible, eliminate any unnecessary "comfort items" that represent service, and work as fast as you can. Finally, you will need to consistently check your fees to make sure you are the lowest in the area; otherwise, you will lose your bargain-hunting patients to the next lowest bidder.

If, however, you don't want to compete on price, I have a few suggestions. First, beware of the middle. Many clients I consult with chose the middle range for their fees precisely because they didn't want to be seen as the bargain basement and wanted to stay "below the radar" so as not to be perceived as overpriced. I assure them they are certainly "below the radar." In fact, pricing yourself in the middle of the pack is a surefire way of staying off the radar altogether. The practice of pricing your fees in the middle virtually guarantees a mediocre practice in terms of your profitability and patient perception of your skills.

Although charging high fees can't guarantee high-quality work, the public usually assumes it to be the case. Patients can't tell if your adjustments are first-rate or if you can barely provide better care than an intern in chiropractic school, so they automatically assume your fees must be high because you provide the best treatment.

Warning: Before you run to your billing CA and tell her to raise all your fees by 50 percent, be

careful of fees that will be a "sore spot" to patients. In the patient's eyes, no fee increase is a bargain. Therefore, indiscriminately raising *all* of your fees might set off alarms. However, there are some fees that are "invisible" and easily can be raised with little or no complaints from patients.

Even Small Increases Add Up

Remember, you can *reduce* your fees next year and lose a few patients. You can keep your fees the same and lose a few patients. Or you can *raise* your fees and lose a few patients. Which sounds best?

Take this example: You decide to raise your normal adjustment fee of \$50 by 10 percent to \$55. If you have a 50 percent overhead, increasing your fees adds 20 percent to your bottom line. It's all profit because it doesn't cost your office anything to raise fees.

In my consulting business, I have computed more than 100 different statistics for a chiropractic practice to analyze profitability. Raising fees is only a small part of the solution. Unfortunately, most practices appear to be losing a minimum of \$25,000 per year in profitability annually due to improper management, fee schedules and coding errors that are fairly easy to correct. Worse yet, I have seen some practices lose nearly \$100,000 per year in wasted income due to these same errors.

Take a Good Look at Your Numbers

Chiropractors are forever seeking ways to increase their income. Many DCs are looking for the silver bullet that will pierce all of the problems and magically create a booming practice. Others get involved in all sorts of quasi-chiropractic schemes to make money. Some look outside the profession to stocks or real estate to add to their income. A few take a deep look inside their practice and find hidden money right under their nose.

Over the course of the next week, instead of focusing on ways to get more new patients, spend a few hours thinking about ways to get paid better for the patients you already serve. If you need additional help in the area of fee structuring, I can provide you with a copy of "Seven Tips for Increasing Fees *Without* Angering Patients" that I send to my clients. Please e-mail me a request (noting that you read this article in *DC*), and I will forward a copy to you. In the meantime, take a good look at your numbers and analyze the profitability of your practice. It's one of the best investments you'll ever make!

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